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**THE QUEST OF  
INDUSTRIAL PEACE**

WORKS BY THE  
REV. PRINCIPAL W. M. CLOW, D.D.

THE IDYLLS OF BETHANY

THE CROSS IN CHRISTIAN EXPERIENCE

THE DAY OF THE CROSS

THE SECRET OF THE LORD

CHRIST IN THE SOCIAL ORDER

THE EVANGEL OF THE STRAIT GATE

DRESSED IN BEAUTY NOT MY OWN

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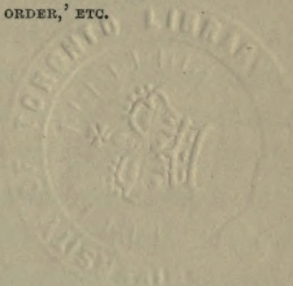
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# THE QUEST OF INDUSTRIAL PEACE

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## PREFACE

THE chapters of this book are the record of an inquiry into the elements of the ever-recurrent industrial strife, and of their action and reaction on each other. An analysis of the contentions so decisively in conflict is followed by a brief exposition of the chief social and industrial adventures of the past. Then there is a statement and a criticism of the theories and proposals so eagerly advocated to-day. An endeavour has been made to exhibit the complex problems and the involved issues, moral and psychological, economic and political, which have foiled the enthusiastic idealists of the past, and are preventing the assent of the more thoughtful minds of the present day. The two closing chapters engross a message and a method, stated in the briefest possible way, which seem to the writer to point out the only path of industrial peace for those who are sincerely willing to seek it.

The basis of these chapters was a Course of Lectures delivered to the students of the

General Assembly's College in Belfast. The writer desires to express his sense of the honour conferred upon him, and his thanks to the Committee, and especially the convener, the Rev. A. F. Moody, B.D., of Belfast, for an exceeding courtesy, and to record also his indebtedness to the President and the Professors of the College for their cordial reception and generous appreciation.

GLASGOW, *May* 1921.

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# I

## THE ELEMENTS OF THE INDUSTRIAL STRIFE

AN organised social order in which justice shall reign and a stable peace prevail is an axiomatic necessity of civilisation. To be just it must attain the well-being of the community, and give to every member of it the opportunity of a free and joyous life. To be stable it must rest upon the goodwill of the majority of those who live under its shelter. Any autocracy or dictatorship, either of a personality or a class, has only one fate—to be overthrown. A secure and beneficent human society must be based on a 'social contract.' To determine its terms, to adjust them to changing conditions, and to enforce them, constitute the never-ceasing problem. As knowledge enlarges, tastes refine, and moral imperatives become more sensitive and more compelling, ideals change. Discontent with the existing social order arises. This discontent finds expression in new demands, and a conflict with the existing economic and political order is inevitable.

This discontent and strife are the ominous features of our industrial life. The claims

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which are made assail the economic methods and the political fabric. The first obligation is to analyse the elements which are working within this discontent. There is a call for an inquiry, with a sympathetic interpretation, into the wrongs against which protest is made. We must distinguish between what is of reason and what is of passion in these demands. There are economic laws which cannot be wisely or safely broken to satisfy any claim. There are ideals which are the sentimental dreams of romantic imaginations. Yet we must be fearless in facing every demand, and adjusting the social order to righteousness, offend whom that may. We begin by passing in review these elements of the industrial strife.

### I

The first element is *the economic and social issues of the modern industrial development*. In the limited and undeveloped life of primitive days human necessities were few and simple. An intermittent and self-imposed exertion in the untamed spaces of an ample world satisfied the common wants. A small number of unwritten but clearly recognised distinctions between mine and thine formed the code of law. A few customs and etiquettes regulated all intercourse. But as men began to multiply

on the earth, to touch each other's lives more closely, and deal with each other's possessions more directly, great changes took place. The desert was redeemed from its barrenness. Populous cities were built. Life became not only more intense, but more exigent of comfort and of refinement, occupations more differentiated, modes of subsistence more precarious. The necessity of a more delicately articulated industrial, economic, social, and political order appeared. This necessity arrested the discerning thinkers of the intellectual Greek world, and led Roman law-givers to their large-minded jurisprudence. Throughout the centuries it has quickened both to thought and action many of the noblest minds, and they have expressed their ideals in those Utopias in which men would dwell together in peace. In our own day young men are seeing visions and old men are dreaming dreams as they are pressed upon by the necessity of adjusting the social and political order.

This long and slow-stepping change has become overwhelmingly rapid in the last one hundred and fifty years. Adam Smith's *Wealth of Nations*, published in 1776, was the sober and measured reasoning of a patient thinker who stood on the threshold of this industrial development, and looked forward with a prophetic glance. He realised, with a clear

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prescience, what was coming in the industrial and economic spheres. He laid down the principles on which men must carry on a world-wide commerce if the new possibilities of attaining wealth were to be seized. Had he always kept in view the companion truth, that the most precious wealth of a nation is the well-being of its men, women, and children, he would have proved himself a prophet of a wiser counsel. We need not set it down to his discredit that, while he foresaw the far-reaching potentialities of the economic forces, he did not descry the social conditions of the industrial development which had begun. He was a man of his own age, and labour unrest, as we know it, was not within his view.

A brief recapitulation will recall the marvels of this century and a half of industrial development. The lavish use of coal, and in later days of oil and gas and electricity, to provide power and transport has altered all production. The manufacture and employment of complicated and ingenious machinery, the laying down of a network of railways and tramways, the building of fleets of ocean steamers, have transformed both industrial and commercial life. They have brought the argosies of the East in exchange for the manufactures of the West. When we remember the work



of the inventor, the skill of the engineer in harnessing the undirected forces of nature, the discoveries of the chemist and metallurgist, and the organising genius of the captains of industry, we realise that labour has become the slave of the dynamo, of the car, and of the aeroplane. Men have attained, in actual experience, the possibilities of the swift flight of Prince Housain's carpet.

But these industrial and economic elements have had other results. These massed industrial forces have outclassed the country mill and closed the village workshop. They have built the factory and the foundry, have dredged the rivers until the largest vessels pass into the heart of great communities, and walled in the docks which are the clearing-houses of every manufacturing district. They have erected the engineering works and spaced out the ship-building yards where thousands pass the hours of their day of toil. They have been squeezing out the single trader, unable to carry on his small business in competition with the prompter dispatch, larger turnover, and lessened cost in working of the multiple shop and the comprehensive establishment. As a consequence they have built the city with its narrow streets, its many-storied tenements, its densely populated districts. The city of Plato's imagination was

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a clean, smokeless, and roomy little country town. In the modern city this industrial development has polluted the air, darkened the light, contracted the number of the rooms in the dwelling, and robbed the children of even a sight of the green fields. It has turned the majority of men into wage-earners, enlarged the number of the rich, and ministered to the ease and pleasure of their lives. In that way the disparity between the richer and the poorer has been made more visible, and the conditions of dependence and insecurity have haunted the minds of the workers, and aroused, in some quarters, a bitter resentment.

The picture must not be painted, as it is by some hands, in unrelieved colours. This industrial development has lightened the burden of daily toil, shortened the hours of labour, and enlarged the common life. It has furnished the well-doing wage-earner's home, hung pictures upon his walls, made his bed soft with comfort, and given him a liberty in spending which he would have considered a wasteful self-indulgence in earlier days. The destitution of half a century ago is unknown, and legislation has been called upon to make it impossible. The word 'pauper' has passed out of speech, not only because of its stigma, but because there is no need for its use. The artisan wage-earner

would be insulted if he were classed among 'the poor.' If only those who receive a weekly wage would disdain sloth and waste and improvidence and drunkenness, not to speak of the sadly prevalent vices of betting and gambling, their social condition would be so advantaged as to leave no ground for complaint except that some other drinks out of a fuller cup.<sup>1</sup>

Yet with all allowance it is abundantly clear that the industrial development has issued in wrongs which should be remedied. It has created conditions which require amendment. It has brought about disparities which provoke men to revolt. It is evident that the labour unrest and the consequent strife have been aroused by these consequences, so evident in every large industrial community, and that the problem is one of restoring peace.

## II

The second cause is *the changed ideal of life*. That ideal can be broadly stated in the demand for a fuller, freer, more leisured and larger life. The industrial development has provided the arena of the strife; the changed ideal has fashioned the demand and brought about the

<sup>1</sup> A clear and full account of the consequences of the industrial development is to be found in *The Town Labourer* by J. L. and B. Hammond with, however, too little recognition of the amount of destitution due to waste, sloth and drunkenness.



conflict. This demand is expressed in many simple concrete forms. We hear it in the claim for increased wages, shorter hours of labour, a higher status for the manual worker, and a larger share in the control of the industry. This demand, it must be noticed, is the outcome of an educational advance. Broadly speaking, every man to-day is educated when compared with the man of his class half a century ago. In many countries there were thousands who could neither read nor write. Large numbers of the people seldom thought of buying a book. Many did not see a daily newspaper. The best informed had only a little book-shelf with a few treasured religious classics. To-day the whole world is reading—something. The news sheet brings the record of the world's doings to every man's door. The trade journal makes him acquainted with the technique and the commercial interests of his occupation. The speaker at the public meeting, the political pamphlet, and the discussion at the societies or unions, to which he may belong, enlarge his knowledge, quicken his imagination, and provoke his desire.

When this fact is kept in mind it will be seen why the new ideal of the larger and fuller life has been expressed in a claim for equality. Through all the demands for higher wages, more

leisure, a better social status, and a larger share in control, this thought of equality beats at the very heart of them all. Of the three words of the great political revolution—liberty, equality, fraternity, each of which has its own appeal—equality is the most potent to-day. But equality is one of the most indefinite and least explored of terms. It sometimes means merely a political equality, which is an actual realisation, in so far as it can be expressed in statutes. It sometimes means an equality of reward and of possessions. Such an equality is impossible. It is unjust. Equality may be a denial of equity, and equality must never be attained at the cost of justice. It is being realised that the man who does the dirty, disagreeable, and perilous work of the world should receive a higher reward than the man who has some soft and easy post. Equality would be unjust also in the case where one man has spent years in training himself for a specialised occupation, while another has received a full reward as soon as he could use a shovel. The man who submits to a long training is entitled, as Marshall declares, to ‘deferred pay.’<sup>1</sup>

<sup>1</sup> The Corn Law Rhyme of 1832 set this truth in an epigram :

‘What is a Communist? One who has yearnings  
For equal division of unequal earnings.  
Blunderer, pilferer, or worse, he is willing  
To put down his penny, and pocket my shilling.



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Sometimes this demand for equality means equality of status. This equality is absolutely impossible. No social order can distribute status by enactment. The bit of work which even an average man can do will never give him the status which is attained by a master in any branch of human endeavour. A teacher who instructs pupils in the multiplication table will never have the status—whatever he may claim as his salary—of the man who is an expert in natural philosophy. Status depends on gifts and powers, on aptitudes and qualities, which cannot be scheduled. There is only one equality which can be recognised in a social order without injustice. That is equality before the law, which implies equality of opportunity. No one can deny the absolute righteousness of such equalities. The whole trend of legislation has been directed toward their attainment. Any such inequality requires only to be pointed out that it may be recognised and amended, if it be an inequality before the law or in the face of opportunity. The truth is that this demand for equality is a protest rather than a claim. It is a protest, because inequality seems to conflict with the ideal of a full and free and leisured life for all. It has led, in practical issues, to a desire to pull all men down to a common level. That desire has never been

translated into the terms of actual life. It never can be so rendered. A Labour leader has no intention, and even no pretence, of being on an absolute equality with any one of the thousand who make him their delegate at a governing council. The claim for equality is simply an unthinking expression of the demand for a larger and fuller life. That is an ideal full of guidance and of inspiration, but to pursue it by the path of equality—except equality of opportunity—is to walk in a land of bondage and poverty and final disillusionment.

There are two remarks in regard to this higher ideal of life which are in order. The first is that the ideal has been too narrowly conditioned by being confined to the sphere of production. It is the equality of the man as a labourer, not of the man as a man. All the legislation, so responsive to the hoarse cries of the street corner, and all the protests and claims which are urged in the writings of those who are moved by the thought of this larger and fuller life, concern themselves with the man who is a producer, and especially a producer of the means of subsistence. Whenever we lift our eyes and think of what a man is, even in the things of this life, we leave behind us this arithmetical conception of equality. We rise to the thought that manhood should not

be content with a law-made equality, but should aspire to an excellence in the things which are open to all.

The second remark is that the whole ideal of a larger and fuller life is vitiated because it is so completely materialistic. What Kant condemned as 'the serpent's trail' of the pursuit of earthly happiness, is over it all. It seems to believe that a full and free and ample life depends upon the delights that minister to the senses. It seems to think that a man's life consists in the abundance of the things that he possesses. It has not much more than a sneer in some quarters for those aspirations and delights which have evoked the highest and purest energies of humanity. Mr. H. G. Wells, echoing many voices, writes with cheap scorn of 'the consolations of the little Bethels.' He implies that the working classes endured the hardships of the Victorian era because their minds and hearts were anodyned by the teaching of their humble places of worship. Lenin set this truth more insolently when he said that 'religion is the opium of the poor.' But those who sang the doxologies, as they still sing them within worshipping walls, did not dream that they required any consolations for having missed the luxuries of the rich. They had learned in whatsoever state they were to be



content. They knew that man does not live by bread alone. They had cast out all greed and envy and hate. Their ideal of life was not rendered into any claim for equality, or status, or possessions.<sup>1</sup> So that, what is wrong with this new ideal of life is not that it is too high, but not high enough. If it included all that a man ought to be, and all towards which he should strain, it would rally to its realisation many who reclaim against the materialism of its desires.

### III

The third cause of the industrial strife is *the quickened social conscience*. If the industrial revolution provided the arena, and the higher ideal was rendered into the demand, the quickened social conscience has furnished the dynamic. It is not sufficiently realised that the ethical conceptions are the ruling motives in this strife. In our day the social conscience is quick and keen regarding the moral obligations of the individual to society, and of society to the individual. The presence of men and women who are well-born and well-endowed in the Labour Conferences is due to this quickened social consciousness. Its sense of obligation

<sup>1</sup> Mrs. Beatrice Webb sets a truer aspect in her testimony to 'the debt which English Democracy owes to the magnificent training given by Protestant Dissent in the art of self-government.'



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has become so sensitive that all public morality is sometimes regarded as nothing more than the service of man. Even professed Christian teachers have been found to set down 'social service' as the most potent dynamic.

Now this quickening of the conscience is due to the teaching of Jesus. There are writers and speakers who make defiant and sometimes abusive protest against indebtedness to the Christian ideal. There are newspapers, and even schools in which the Christian ethic, and especially its spiritual basis, are scouted. But the proof that the quickened social conscience, which is condemning the wrongs of our industrial life, and inspiring the claims of the manual workers, is due to the teaching of Jesus is clear and conclusive.

For one thing, this industrial unrest and strife are to be found only within Christendom, or on its borders and fringes, where the influence of the Christian moral ideal has been felt. There is no Labour unrest among the industrial classes of the untouched heathen races. Only when they have been educated by Christian teachers, and have realised, often too dimly, the ideal of manhood and womanhood as seen in Jesus, does this discontent and unrest arise in their hearts. In South Africa and in India, where Christian missionaries have been at work, those whom

they have taught are rising up with the demands of a higher ideal of life. These demands are not always wise, and not always timely, but they have been inspired by consciences baptized into the mind of Christ. And those who are willing to listen to them, and are willing to grant them in such proportion and in such time as seem to be prudent, are all men and women who have the social conscience which is quickened by the teaching of Christ.

For another thing, there is the evidence in the writings and speeches of the advocates of the many forms of Socialism. It is a common, and a just criticism, that none of these advocates deal successfully with the proof of the economic wisdom of the scheme they propound. Few convince any one of the practicability of the social system they outline. Fewer still have been able even to visualise their panaceas for our industrial strife. They cannot convince each other that their new social order will work. As a rule, the fatal flaw of all these dreams is a reliance upon some Utopian or even quixotic incentive. Some are bold enough to declare that men and women can be so inspired by the motive of service for the nation, or the community, that they will continue to choose and to toil in the most straining and nauseous occupations with a high abandon-

ment of delight. Those who write or speak in that way are not in contact with realities.

As a consequence they fall back from the economic to the moral argument, and they appeal to the quickened Christian social conscience. They assert that whether this be practicable or not, it ought to come to being. They argue that the demand for higher wages, or more leisure, or a better status, are not mere demands for a bigger share, or for the means of more indulgent spending, but are dictated in the court of conscience within. It is this ethical ideal which feels the sense of wrong, inspires the passionate conviction of the wiser and nobler-minded leaders, gives to some phases of Socialism an attractive charm, and makes it, in some narrow and heated minds, their whole religion. But the truth is that they are moved by a conscience quickened by Christ.

For a third thing, there is the fact that many who view labour unrest with suspicion, and have the conviction that many of its demands are economically unreasonable and industrially impracticable, are moved by a sense of ethical obligation. They feel keenly the wrongs which are bound up with the present social order. They are smitten with self-reproach when they look into the causes of industrial strife. The same pressure of moral obligation, which has



made so many, who are unwilling to curtail individual liberty, become keen advocates of the prohibition of the liquor traffic, has led them also to a deep sympathy with the 'under dog' in industry. They are willing to make sacrifices, and even to suffer impoverishment, if by any adjustment of the social organisation, a fuller life, an ampler leisure, and a more abiding happiness could be attained as the common lot of men. Whenever any proposal can be proved to have potentialities for the common good, and to be practicable, under the inescapable conditions of life, it can be assured of the tremendous dynamic of the social conscience quickened by Christ.

## IV

The fourth cause of the industrial strife is *the possession of political power*. If the industrial development has provided the arena, and the new ideal of life has fashioned the demand, and the quickened social conscience has furnished the dynamic, the possession of political power has given the weapon of attack.

Discontent is as old as Cain. His grievance may be described as that of a lower status than was given to Abel. There is a noble discontent which is a pregnant source of man's upward calling. But there is an ignoble discontent



which may become a mean and degrading passion. Both in its higher and lower phases discontent has played a great part in human history. Where it has been discontent with oneself and one's service, it has been an impulse toward a higher ideal. Where it has been merely discontent, because of the disparity between the advantages enjoyed by one's neighbour, and those enjoyed by oneself, it has been a retarding passion. This latter discontent had once no language but a cry, and no method but a wild and reckless revolt. In England Wat Tyler in one century, and Jack Cade in the next, inspired by the teaching of Piers Plowman, resorted to force. Sadly and bitterly they were taught that force is no remedy. To-day there are some who are eager to adopt the same rough handling of the social order. But a true democracy is wiser. It believes in the government of the people, for the people, and by the people. It relies not upon force, but upon the use of the weapon of political power.

Democracy and its methods require discrimination before they can receive approval. There may be a representative democracy, in which those set in authority speak and act in freedom. There may be a delegated democracy in which the selected members merely register their mandates. There may be a mob de-

mocracy, subject to gusts of sudden passion, and ever and again echoing the cry 'Crucify Him, Crucify Him!' when some once popular personality refuses to further their ambitions. It is this mob democracy which speaks when one of its writers declares, 'If those who have held the power in the past believe that because they have held it they must always do so, they must be prepared for violent action to wrest it from them. People will not be content with merely political power—they will strive until they acquire economic power.' That sentence reveals the inwardness of the present strife and prophesies one of its issues. A brood of insurgent desires is being wilfully nourished and the unthinking are being urged to violence. The extremists among Trade Union leaders are as authoritative as any autocrat, as self-willed as any oligarchy. A Council of Action is simply an oligarchy under a new name. Behind the declared purpose of the extremist to remedy the wrongs of the manual worker there lies, as is now seen, an eagerness to use industrial discontent as a means to overturn the present political order by violence. The first issue of such a policy, were it successful, would be the enthronement of a pitiless bureaucracy. Its ultimate realisation, as has been proved, is the Russian Soviet. It is believed that the

common sense of the people and the love of fairplay will reject the methods of violence. It is doubtless true that every nation will learn in bitter experience that to mingle trade and politics is harmful both to industry and the State, and sets narrow bounds to the well-being of men. We may trust the forecast which declares that among the nations of Christendom, and especially among those which have wrought out an enfranchising political constitution there will not be a widespread resort to organised violence and that the industrial strife will be appeased by constitutional methods, with an issue of a juster order and a securer peace.

That conclusion is based upon the thesis that of the four elements of industrial strife the quickened social conscience will be dominant in the end. Economic laws compel obedience to their iron rule. Every ideal of life undergoes the judgment of history. Violence may succeed in its first onset but it leads only to impoverishment and to a tyranny which is never long endured. But no method of enforcing a demand can find a steadfast approval unless justified in the court of the conscience of the average man. A strike which has been condemned by the social conscience has no chance of ultimate success. One advocate of Socialism

sets the truth in simple terms—‘ Only one force is powerful enough to take away selfishness from everyday life, and that force is intense religious enthusiasm. All other ideals will remain for ever too weak to tame the beast in man.’ That is the root problem. Every sincere experiment to realise a new social order has failed because it has not succeeded in taming the beast in man. The truth may be expressed more simply by saying that it is only a new spirit which can create a new social order. That new spirit, so far as men yet know or need to know, is the spirit of Christ. He alone has shown men the way of peace.



## II

### THE ECONOMIC JUSTIFICATION OF CAPITALISM

EVERY industrial order belongs to one or other of two systems of production, distribution, and exchange. These two are here named Capitalism and Collectivism. Capitalism may be defined as wealth which has been saved and stored, and is now expended in maintaining, aiding, and rewarding labour, under private ownership and control. Collectivism is the system in which all wealth employed in industry is held under a public or common ownership and control. Collectivism, therefore, is used as an inclusive term for such systems as Communism, Syndicalism, Nationalisation, Co-operation, or any modification of National Guilds. This communal ownership and control may be that of a labour organisation, or of a community, or of the State. Industrial strife is the conflict between the methods of Capitalism and Collectivism. The first question that meets us is the economic justification of Capitalism.

Capitalism began when the dwellers in the

fields of a sparsely-peopled world began to accumulate herds of cattle. The word 'capital' supplies a key to the first stage of its history. It is derived from *caput*, a head, and its plural, *capita*. The first wealth was the possession of so many 'head' of cattle. In these early ages cattle were the most valuable and the most convenient form of capital. When a man's cow calved, he became possessed of 'surplus value,' although how much labour was stored in that increase of capital is not a sum in arithmetic. As a man's stock of cattle increased, he dug his well to supply them with water, and stored their hides for future use. As his flocks enlarged, skill and foresight, thrift and labour, the construction of shelters and folds, the risk and adventure of going farther afield, were required, and there was a consequent enrichment. Land was won from the wilderness. Trees were felled and seasoned. Tools were fashioned and skilfully adapted to economise toil and time. Hides were tanned, flax was grown, and wools were woven. In this way a man became a capitalist.

There came a day when one man gave to another the use of his field, or bullock, or reaping hook, receiving some portion of the product which was thus made more abundant. When this return was given, 'rent' was paid, and

'interest' was rendered. In the long ascent of man, and under the conditions of an enlarging and more complex civilisation this directness of intercourse could not be maintained. Possessions began to be represented by tokens, because of their ease and security in distribution and exchange. A piece of stone, a notched stick, a few dainty shells, a bit of precious metal fashioned into a coin, and finally a scrap of inscribed paper—our most common form of exchange—are not wealth. They are merely tokens. 'Money' is entirely composed of these tokens of a wealth which cannot be passed from hand to hand. The capital of to-day is the finely differentiated development of this capital of the earliest ages. No one dreamed in the past that this natural, indispensable, and most convenient economic method, which was based on the right of private possessions, did wrong to any man. The one evident wrong was to break its code of laws, or to violate the honourable fulfilment of its obligations.

Capitalism must have had a certain reasonableness, or it would not have grown. It must have had obvious advantages, or it would not have received the sanction of history. It must have an economic justification, or it would not have been continued. That economic justification we shall now consider.

## I

The first line in this justification is *the proved power of Capitalism in the production of wealth*. The power to produce wealth will remain one of the tests of an industrial system. It is not the only test, but when we are reminded, to use the heated language of an inaccurate writer, that under Capitalism 'Labour is bought and sold as an article of commerce, so that the workers are degraded to a condition of poverty and wage-slavery,' we shall remember that it is a great virtue that Capitalism produces abundance of wealth. The statement that too much wealth may be produced, can be left to the judgment and common sense of men. For in truth the only hope for the attainment of a life free from excessive toil, with abundance of leisure and large opportunity, is the increase of wealth. Wherever the wealth of a community is limited, either in old civilisations or in new and undeveloped lands, men are always on the verge of destitution. The only possibility of physical well-being for all is to have goods produced in abundance. It is the consumer's first interest—and all men are consumers—that the market-place should be stored with abundant wealth.

The enormous production of goods—the things which can be eaten and drunk and worn and



employed to minister to human well-being—under Capitalism stares every one in the face. The statisticians cover their pages with the figures of the stupendous increase of the wealth of the world. They tabulate the increase not of the money values, which may be a sign of poverty, but of those real possessions which enrich and gladden life. These possessions are not to the largest extent held and enjoyed by the rich. They can be estimated in their money value by the millions deposited in Savings Banks, and the even larger sums in Co-operative Societies, and Insurance Companies. They have a more concrete proof in the larger and fuller supply of the comforts and luxuries of life. The white loaf on the table, the warm and well-cut clothing of the children, the furnishings of the home, have a quality and richness not dreamed of two generations ago. The life of the average working man, when there is no waste and no profligacy, is full of an ease and enjoyment denied to persons of means when the last century began. He has longer holidays, shorter hours of toil, and multiplied social recreations. These are the portion of labour because of the abundant production of wealth under Capitalism. There may be accusations laid against some of the methods employed, but this supreme function cannot be denied.

## II

The second line in its justification is that *Capitalism secures and develops the efficiency of labour*. Labour is helpless without capital—as helpless as an engine without steam, or a knife blade without a handle. But only as capital is increasingly stored, and abundant, and under personal control, can it efficiently secure and develop labour. Some unthinking speakers declare that all that is required by labour is ‘the raw materials of nature.’ But whatever may have been true about ‘the raw materials of nature’ in the dawn of history, the phrase has no meaning to-day. Everything labour now works upon is a part of the store of capital. Brain and hand, thrift and resource and sacrifice have already made what may have been once ‘the raw materials of nature’ into capital for the use of labour. Land was useless so long as it was desert, or swamp, or rock-strewn hillside. When a claim is made for a division of the land, or a raid is carried out on a farm with its drained fields and costly dykes, on the ground that land is one of the raw materials of nature, these acts are based on a thoughtless untruth. If there be any open, untamed spaces labour can take possession of them without any one reclaiming, to discover how much labour can do

without capital. Even water is of no use until it has been stored and conducted to the labourer's hands at the expense of capital, and so become capital itself. A deposit of precious metal is so much blue, or brown, or yellow earth until capital has been expended upon it. To secure and develop the efficiency of labour is a function of capital.

This efficiency is most skilfully and most economically directed under private ownership and control. The capitalist is inspired by a large number of potent incentives, and some of these are flawless in their nobility. He may be a patriot with a desire to benefit his countrymen. He may be a wise-minded lover of humanity, as Robert Owen was at the beginning of his career, and as Lord Leverhulme desires to be. Or he may be inspired by self-interest. But self-interest is not selfishness, nor need it pass to that degradation. 'Thou shalt love thy neighbour *as* thyself,' not more than thyself, is the finely balanced command. Self-interest is as necessary as self-preservation, which is simply its first line of action. Self-interest becomes selfishness when it wrongs the interests of others. A man who promotes the efficiency of labour advances not only his own interests, but the interests of those who co-operate with him. The perfect adaptation of his equipment,



the watchful superintendence of the conduct of the work, and the goodwill of those whom he employs, are the interest of the capitalist and of those who serve with him.

There are features of this efficiency under Capitalism which require to be emphasised. One of these is the power of a swift and untrammelled initiative. Only the individual capitalist, or a small directorate, can take that prompt and daring action required by a changing situation, a fresh opportunity, or a threatened disaster. This power of initiative has advanced the interests of the whole community in ways which are often overlooked. Advocates of State Socialism and of Nationalisation ignore the fact that the enterprises which they wish the State to control were begun and developed under private initiative. The gas and water companies, the early tramway systems, the dock and harbour developments, and a large number of the civic improvements which Socialism desires to place under public control were brought to efficiency by the foresight, skill, and energy of an individual mind. Waste both of capital and labour, with a consequent loss to the general well-being are the inevitable consequences of a loss of private initiative.

Another feature is the resourcefulness and



economy in management and adaptation. The public outcry and the private grouching about the hide-bound methods and red-tape procedure of State departments should have cast any ignorant and shallow approval of State control out of men's minds. The saddest pages of the past few years of history are those which reveal the sloth and incompetence of public management. Even under the pressure of war, which might have stirred any man out of an almost criminal apathy, careless blundering continued. The Government was compelled to 'fire' controller after controller, to reconstruct boards of management, and at last to call in individuals, and to clothe them with the power of the capitalist, so as to save not only the resources, but the life of the nation.

The most striking feature of this efficiency is the prevention of waste. It is the most distinctive cause of shame to find that in a nation with such supreme business abilities as ours, the waste of men and of means, and the reckless spending, and as reckless buying, has swollen the national debt by hundreds of millions beyond any possible need. The word 'squandermania' is the keen-eyed popular description of this shameful waste. But the waste was as scandalous in the slacking and shirking of the employees of these departments, and still more

vexing in the frequent instances where those in authority furthered the interests of friends and relatives at the cost of the State. Beyond these outstanding instances of waste, there was the slow pace of all employees, because no overseer with a keen eye for economy cared to check them. A Member of the House of Commons, whose Socialism has now suffered some wear and tear, stood up to maintain that men will work harder and more steadfastly if they were to work for the State, and not for the capitalist. He was reminded of the lounging and easy-going employees at Whitehall. The public report declared that his face flushed in confusion. Capitalism secures efficient labour.

### III

A third line in its justification is that *it meets the variety and complexity of modern civilisation*. The advocates of Collectivism do not face the whole breadth of life when they are dealing with the problems of production and distribution. They focus their thoughts almost entirely on the conditions and necessities of a crowded city or an industrial centre. The problem of agriculture, the largest and most important industry in the realm, is passed by either in silence or with a meagre attention. But human life is a much more varied and com-

plex adventure than the production and distribution of its first necessities. There are supreme interests of humanity whose variety and complexity demand more than any form of Collectivism can give. There are ideals and hopes and joys which are little affected by the question of wages and status. Literature and art, research and discovery, and, above all, the truths and obligations of religion are the objects of their devotion. There are thousands of men and women who care not at all what share they have in the world of political ambition, or even of economic and social well-being. They are stirred by a nobler passion. Only as such men are free, even at great cost to their worldly comfort, can they exercise themselves in the variety and complexity of modern life. That freedom is possible only under Capitalism.

Beyond these questions which are simple and entirely social, there is the wide range of international relationships both in commerce and in politics. There is also that patriotism which may become an ennobling passion although it sinks too frequently to a selfish antipathy. This wider horizon has been described by the more far-seeing of collectivists. The holding of conferences in the various capitals of the world, and even the founding of the three Inter-



nationals with their meetings in London, New York, and Geneva, are witnesses to the fact of the variety and complexity of modern civilisation. But the disastrous failure even to keep peace within these conferences, partly through personal antipathies, and partly through national hatreds, has proved that no solution can come from such methods. Nations are not artificial unities which can be scored out as a line can be blotted in a treaty. They have their own individualities, their own methods, their own ideals. A world-wide Socialism will enslave not only the individual industry, but the national life. As a simple fact the business of the world cannot be carried on, and the progress of the world cannot be continued, without the wit and the wisdom of leaders of industry conserving freedom both for the nation and the citizens of the Empire.

This problem of the variety and complexity of life has been met by a suggestion which few can consider with any seriousness. That is that a common 'pool' of the product of labour might be made, out of which 'a subsistence dividend' might be given to every individual. In this way one man might devote himself to artistic endeavours, another to intellectual interests, another to an ascetic and lonely religious life, and another to no work at all. Mr. Dooley



poured his witty scorn upon this absurd suggestion in the comment that he would employ himself in feeding the swans in Central Park. Some of the less hare-brained Socialists shrink from the full contention that men might draw their dole in perfect idleness. Others are willing to pay a certain larger sum than the subsistence dividend to those who would work. No other beyond its writer has any confidence in Mr. Wells's bland statement that, under these conditions, no man would be idle, and that every one would be inspired with a passion for work. But no advocate of this Utopian suggestion has ever faced the obligation of maintaining an industrial and economic order under such conditions. For one thing it is nakedly unjust. For another, it is corrupting to the idler who will eat bread he has not earned. For a third, it is almost incredible to believe that honest men will continue to produce and to share the product with those who will lounge through a whole day, or for themselves be meanly content with a pauper dividend. This kind of talk is dying down. The keenest-minded Socialists are silent, or, if not silent, are compelled to admit that Capitalism does face the variety and complexity of life—but as they allege at too great a cost to things of greater value.

## IV

A fourth line in its justification is that *it conserves the well-being of the family and the home*. This line depends for its acceptance on those who value home and family life. With many collectivists the individual and not the family is the unit of the social order. That is one of the most fundamental blunders. Throughout all life the family is the real unit, and the only sufficient unit. A bear robbed of her whelps, a hen with her brood under her wing, an eagle whose nest is assailed, a woman whose child is imperilled, present the proofs that the family is the unit, both according to nature and to spirit. In religious thinking the family is the foundation of the State. The Hebrew always thought of himself and 'the children which God had given him' as the social unit. Jesus Christ reaffirmed this truth with a stronger emphasis, and both the cradle at Bethlehem and the home at Nazareth give it significant confirmation.

But no social order can receive the assent of those who have recognised the truth and grace of the family unless it promotes and conserves its well-being. An industrial order must enable the head of the household to provide for its needs. These needs are not merely food and

clothing. Men and women have conceptions of duty and of destiny, of the unseen and the eternal, and of the obligations they impose. One of the noblest moral passions finds exercise in the ordering of the life of the home, the maintaining of its atmosphere of trust and affection, the provision for the wants and the whole well-being of the children. That can be attained only under the freedom which Capitalism can give, and the resourcefulness in action which a father and mother can take in a perfect devotion.

The broad historic proof that Collectivism is inimical to the family can be seen in the fact that every operative form of Collectivism has denied the right of the home, as the Christian ideal dictates, to persist. Rousseau, the potent prophet of Socialism, committed his five children, as soon as they were born, to the care of a public institution. The communists of the past, with their phalansteries, held that children were the common property of the industrial settlement. Some modern Socialists have gone even farther.<sup>1</sup> They have demanded that Christian marriage shall be discountenanced, and have even declared the woman's right to promiscuous intercourse. The most common form is to be found in the project of committing

<sup>1</sup> Cf. Marx, *Communist Manifesto*, p. 19.

the offspring to the care of institutions where trained nurses and teachers shall bring up the children. These counsels are supported usually by women who are childless, else this proposal would never be put on paper. But the most emphatic proof is given by the regulations of some of the Russian Soviets. They drew up elaborate regulations for 'the use of the woman' with consequent public provision for the care of the progeny. The simple peasant rebelled against laws which outraged every pure and holy feeling, and he craved and held possession of the land—the highest form of capital—simply because he maintained the right to a family and home. But instinctively, as well as logically, Collectivism knows that the family is fatal to its ideal.

One of the reasons why the family is bound up with Capitalism is to be found in the necessity for freedom, not only in the possession and use, but in the disposal of wealth. The inheritance of wealth is one of the rights and obligations of the father and mother. Every family has the indefeasible right not only to employ its possessions in the provision for the family life, but to leave them as legacies to the children whom they have brought into the world. This is one of the focus-points of resistance to Socialism which is supported not



only by the Christian, but by the universal conscience. To deny the right of inheritance would be to take away a powerful and purifying incentive with disastrous economic consequences. There would be a slackness in endeavour, and a shirking from any labour beyond a provision for the needs of the day. Men insure their lives, practise frugality and thrift, and exercise a self-control which is ennobling, to make some provision for those they may leave behind them. To commit to the care of public authorities some maimed, or delicate, or weak-minded child would be to most men an unbearable anguish on a dying bed. Nothing more induces a manly independence, a watchfulness in personal habits, and a consequent steadfastness and diligence in all life's duties and labours, than this provision for one's own household, with the forethought implied in meeting the vicissitudes of life. It is a supreme and final justification of the private ownership and control of wealth that it conserves the well-being of the family, provides a home in which there may be a true discipline of character, fosters a loyal love and fellowship, and affords some security for the days which every wise man fears.

### III

#### THE MORAL VALUES OF CAPITALISM

CAPITALISM, as a system, has an easy economic justification. It produces abundance of wealth. It promotes the efficiency of labour. It meets the complex necessities of an ever more delicately organised civilisation. It conserves and enriches the life of the family and the home. All of these have their own moral justification, but there is a further field in which the moral values of Capitalism are supreme. It is not to be contended, for reasons we shall afterwards consider, that these moral values are always attained. There is nothing perfect under the sun. But the affirmation is here made that Capitalism has the power to advance the moral interests of men, to mould the character of the individual, and to minister to the upward calling of the race.

#### I

Before setting down these moral values we must define the term capitalist, and rescue it from an unjust scorn. A dispassionate definition declares the capitalist to be the possessor

of private property which he employs, or lends to others to employ, in industrial enterprise, receiving a share of the product. From the heated speeches of some who condemn Capitalism it would be thought that the capitalist is as vicious in character as an adulterer, or a welsher at a race meeting. He is commonly conjured up as a bloated 'profiteer' who has battered on the enslavement and degradation of helpless labour. Others use the term capitalist more guardedly to describe a master of industry, who takes a callously selfish share of the product as his return for his skill, oversight, and risk. With a still greater moderation others include those who lend the wealth they have saved, or inherited, to an employer of labour, or to the State, receiving dividends, but having no share in the active industries which are carried on, or the services which are given. Strangely enough some of these accusers are found among the courteous Fabians,<sup>1</sup> or the more urgent syndicalists, who are living in ease on dividends they denounce as unjust. University graduates enjoying fellowships secured by endowments make protest against the baseness of

<sup>1</sup> The word Fabian has been taken from Quintus Fabius Maximus, a member of a distinguished Roman family, who was surnamed *Cunctator*, i.e. 'the delayer,' because of his cautious procedure while he was consul about 230 B.C. He was a strenuous opponent of all aggressive policies, and was noted for his prudence and courage.

Capitalism. August Bebel and William Morris are only two out of many more, who have spent years in denouncing the capitalist, to leave behind them ample wealth to their children. Mr. Keir Hardie did not die a poor man. He consented to own property before the end. At a meeting of the Independent Labour Party the speaker was a charming and accomplished lady. She had risen from an elaborate dinner at the most expensive hotel in the city, and had driven to the hall where the meeting was held in a costly motor. She appeared, dressed in the height of fashion, to denounce the capitalist as a thief and a murderer! A defence of these things may be attempted by saying that all such persons will adapt themselves to the social state, when once it is founded. But a cause which does not impel a man to live for it, and after its ideal, without waiting for its millennium, does not carry conviction on its face.

The true capitalist is not by any necessity to be included among any of these who degrade the term, any more than the true labourer is to be included among the shirkers. The capitalist is any one who possesses wealth used in industry. To the number of those who are usually so denominated, we must add the depositors in Savings Banks, the shareholders in co-operative stores, building societies, and



large supply agencies, the small-holders and the proprietors of little farms, where every square yard is a precious heritage, the traders with single shops of their own service, and the holders of shares and debentures in any joint stock company. These are the vast majority of the capitalists. When we consider how they have been increased in the last few years by the millions who have invested their frugal savings in the Government Stocks, we realise that the term capitalist should include the great mass of the people. One effect of this is that the two words *bourgeoisie* and *proletariat* have lost any distinctive meaning, if ever they were anything more than absurd fictions. The question we are discussing, therefore, is the moral value of being a possessor and controller of private property, employed in the production of wealth. The affirmation is that Capitalism yields a moral discipline, with which there is bound up the well-being of humanity.

## II

The first moral discipline of Capitalism is that *it requires and secures a personal liberty*. Liberty is a word which most men use according to their liking. With Rousseau it meant freedom from law. Many among ourselves think of liberty as doing what one pleases without

regard to the interests or convictions of others. Some use the term to mean a wilful and self-determined fashioning of one's life without regard to the laws or customs of the organised society whose protection they claim and enjoy. There are others, who are so self-centred in their individualism, that they interpret liberty as a right to defy all the conditions which civilisation imposes. They have not realised the truth of Dr. Johnson's penetrating saying, 'There is no condition of life in which we can escape from the conditions of life.' Yet one may read and hear men and women declaring that when a man finds himself under the law that he must eat his bread in the sweat of his face, and must keep times and hours and accept wages, so that others may not be deprived of their opportunity of work, his liberty has been taken away.

The truth about liberty can be reached only by making distinctions. A man's personal liberty, in a world like ours, can be absolute only in thought. It may have large room for expression in speech. It can seldom be entirely uncontrolled in action. That is licence and lawlessness. Each individual's personal liberty is always conditioned, not only by the rights and liberties of others, but by the obligations a man has to others, and to the community. It

is also limited by the general conception of a man's own moral well-being. The attempt to commit suicide is a moral and a legal crime. To impose one's individual conception of life and obligation on others is a tyranny. To use force, if that conception is not accepted, is the supreme political wrong. When a Trades Union supports a section of the community by a sympathetic strike which imperils the general well-being, it is following the exact course of the autocrat of the past. No one is entitled to play the highwayman and to hold up the passengers in the public coach for his own gain. John Milton in his *Areopagitica*, that noble defence of one indefeasible liberty, sets down the truth when he writes, 'This is not the liberty for which we can hope, that no grievance ever should arise in the commonwealth—that, let no man in this world expect: but when complaints are freely heard, deeply considered, and speedily reformed, then is the utmost bound of civil liberty attained that wise men look for.'

To come to concrete examples of what this rightly-defined liberty means in the sphere of industry, we may say that it includes the right to possess property and to use it in any way that does not conflict with the well-being of society; to sell and to buy with a freedom from hampering and limiting conditions; to work or



not to work as a man may incline, if he will take the consequences and remember that it includes the right to starve; to accept or to refuse conditions of work he thinks unjust; to strike along with his group of workers as a protest against unfairness; and also to lock out those who have worked for him, and with him if they refuse to accept the conditions agreed upon, or attempt to impose conditions he believes to be fatal to the success of the industry.

Only under Capitalism can such a personal liberty be secured. A personal liberty, as with all true freedom, must leave a man free to exercise his will toward the whole environment of life, under the conditions which have just been considered. Every man finds himself with relationships toward men not only as fellow-workers or as employers, but as friends and acquaintances. He finds himself with still more delicate obligations, especially toward those of his own household. He is compelled to realise that he has an equally obligatory relationship toward the State. Beyond these relationships, which can all be defined more or less sufficiently by statute, he has relationships toward a multitude of interests, and above all toward the unseen, and yet most potent, influences of the spirit. But in no one of these spheres, whether it be in the sphere of work, or



of more tender obligations, or more commanding interests, is he at liberty unless he has possessions. The man who has no possessions has no freedom in his mode of private life or of public duty. To act so as to express himself, to co-operate so as to relate himself, and to serve so as to respect himself, he must have a share, under his own control, of the possessions possible to life. Burns set the truth in his own pregnant way when he declared that he desired possessions,

‘Not for to hide it in a hedge,  
Nor for a train-attendant,  
But for the glorious privilege  
Of being independent.’

The man who is simply a creature of the State or a member of a modern Trades Union which controls his whole industrial action, does not possess a personal liberty. The events of these last years, when men with wives and families to support have been compelled to strike, so that they spent weeks in fear and anxiety, and found themselves impoverished, give ample proof that private possessions and personal liberty go hand-in-hand. But the man who is not frugal and fore-thoughtful, who has nothing which he can spend sparingly and save for ‘the rainy day,’ and, therefore, cannot become one of the many millions of capitalists, cannot

secure a personal liberty. He can be nothing more than a serf fed and clothed by the State. The moral discipline of this power of possessions need not be argued. There are races which are sometimes sneered at for their frugality. These are the same races who are admired for their caution and foresight. These are also the races which are dominated by a passion for liberty. They have learned that without personal property, without a little store on which a man may fall back in time of need, a personal liberty cannot be maintained. A man might be made secure against actual want by some weekly dole, but a weekly dole binds a man even to the place of his abode, and holds him like a hound on the leash of the State. It is only by liberty, and the perils of liberty, that those races which are dominant on the earth have reached their moral and intellectual pre-eminence.

Now against all liberty Collectivism always strikes with all its force. Mr. Sidney Webb, in his *Fabian Essays*, makes a declaration which lays bare the truth. 'We must abandon the self-conceit of imagining that we are independent units.' He regards the State as an organism in the same way as the human body is an organism. Its units are 'cells' or 'atoms.' We know little about the amount of personal liberty possessed by a cell or an atom, but we

know that it is not the liberty due to manhood. Mr. Webb leads on with perfect logic to the conclusion that as against the State neither labour nor capital have any right except that of bare maintenance—the right of the cell in the body. We can see at a glance how this works out in practical life. A workman could not change his labour at will. He could not be free to take any course which those in authority would not approve. He could not use any possessions to advance any cause. He could not support a free press, not only because he would have no capital, but because no Socialist State would allow the expression of opinions perilous to its own life. The individual would be under a continual regimentation. Mr. Keir Hardie used to argue that as there was an army of warfare, there should be also an army of industry. Every man who has served knows the amount of personal liberty allowed in an army. The logical and historic issue is conscription for industry. The Russian Soviet, the first thorough-going example of such a State, has given, in its merciless methods, a bitter and disillusioning proof, even to personally conducted Socialists on a visit to Moscow, that Capitalism alone secures personal liberty. That is one of its supreme moral values.

## III

The second moral discipline is that it supplies *a varied and potent moral incentive*. In morals motive is all important. If men would live and act only from high and unselfish motives, a fair and beneficent economic order would evolve as naturally as a stalk of corn from the seed. But a man seldom acts from the highest motive, and still more seldom from a single motive. A motive may not be the highest in the hierarchy of motives, and yet may be entirely worthy. The overlooked truth is that the incentives of life must be adequate to human nature as it is, and must be comprehensive enough for all life's circumstances. Now and again in an hour of rare inspiration, every man will act from a single heroic motive. Now and again there appear men and women who live out their lives under the dynamic of one noble passion. Yet both history and common knowledge of ourselves declare that men act from many motives, and that every motive which is pure and purifying is a required incentive in life.

When we look at this matter in a simple concrete way the truth lies clear. We have only to realise what a piece of work is a man, to take a just and accurate view of human nature, and to keep in mind how complex is the mingling



of the natural and the spiritual within him, to realise the necessity for a whole series of incentives. He has a body, and the motive of the supply of its necessities is not base. It is the first imperative of life. He has a mind and a heart and a soul, and all the affectional and emotional and mystic desires demand their wise and healthful satisfaction. He is a spirit, and all the intimations and visions of the inner world meet and control and delight his longings and desires. Whether he be Alexander on his throne, or Diogenes in his tub, he is a complex being, living in an appealing world, and moved by necessary, varied and potent incentives.

Capitalism alone supplies these motives, for Collectivism would not have allowed Diogenes to own even his tub. Capitalism demands that every man shall work, and shall not receive a weekly dole, and, therefore, makes work a necessity, realising that all men need this imperative. Capitalism condemns the idle, whether the idle rich or the idle poor, even more severely than Collectivism. It is so intent on production that it regards the man who has no share in some production as a waster of its substance. Capitalism brings all the incentives that bear upon tender affection and upon high ambition, to rouse the will to steadfast action. It follows the wisdom of the Old Testament

proverbial philosophy in holding out the rewards of honesty, frugality, and foresight. It opens up positions of power and authority to skill and ability and willing toil. It moves men to high adventure, to quick resource, to dangerous risks. It realises that man does not live by bread alone, and therefore comes with alluring promises of more than bread. All of these are worthy motives, and in being moved by them, human nature is purged and purified and perfected.

A reply to this is sometimes made that Collectivism adopts a higher, less selfish, and even more potent scheme of motive. It declares that an 'ideal' is an incentive for which men should live and work. It is asserted that if private profit and personal advantage were eliminated, men could be given the ideal of 'social service' and be moved by that to a rare assiduity and strenuousness. They would willingly 'do hard, dull, unpleasant work' at high pressure. In the language of another collectivist, it is maintained that, if Capitalism were abolished, men would be moved by a new moral passion for toil because of 'an ideal of a common State from which private property has been eliminated and free service is given.' This position seems to be accepted chiefly by men and women who are not down among the people. One does not often find it on the lips

of those who move the masses. It can be confuted by three facts which can be stated briefly.

The first of these is that no ideal is broad enough, or deep enough, for the whole of life, and for the conditions of life. The motives of earning a man's daily bread, of the personal care of those who are dependent upon him, of the conception of his place in the intimate relationships of life, will always and most justly occupy a chief place in the motives yielded to by the human heart. The incentive of a fair and lovely life for those upon whom a man's affections are placed will always be dominant, as they ought to be. The outlook of every even unthinking man, and much more of the thoughtful, upon the vicissitudes of life and his haunting anxiety about those events and issues which no State or community can touch, will always make him sensitive toward those personal obligations with which an ideal of a State has little or nothing to do. Kipling put the matter in his own vivid way when he said that the average man was strongly motivated by the well-being of the 'missus and the kids.' Burns touched the quick when he wrote :

‘To make a happy fireside clime  
To weans and wife,  
That 's the true pathos and sublime  
Of human life.’



The second fact is the fallacy of the complete sufficiency of any mere ideal to move the will. An ideal may present itself, clear, alluring, uplifting, and yet have no potent dynamic amid the tasks and adventures and sorrows of the years. Men are not always obedient to the heavenly vision. They do not always follow the gleam. They continually make the great refusal, and miss the highest. Books have been written with a wisdom as deep as Bacon's, and a moral insight as keen as Heine's, but their writers have not been motivated by their own shining ideals. We all must confess that we have been thrilled by the appealing grace of being just, honourable, pure, true, and of attaining a character of moral loveliness and of good report, yet we have not sought it unfalteringly. All men have times when they see the better and choose the worse. Too often Mr. Hyde overcomes Dr. Jekyll in the end. The truth is we need more than a high ideal for the stress and strain of life. 'When I would do good evil is present with me,' wrote one man who had made the endeavour to fashion his life under the power of an ideal. He found that the only sufficient dynamic was a moral passion evoked by a love which nothing could quench.

The third fact is the fatal one. All these assertions that a man needs only to be given



security in life, and to have Capitalism eliminated, and a high ideal alluring him on, and then he will play a strenuous and victorious part in life, rest upon a false view of human nature. This theory of the inherent goodness of human nature is full of fascination. It has enough truth in it to deceive any one who does not read history, or will not look at human nature steadily and see it whole. There is much good in human nature, but the mixture of the evil is, as Browning said, 'a marvel and a curse.' It was the theory behind Owen's position that a man's character depended entirely upon his circumstances. It is the conception behind the plaintive declaration that when the modern workman falls below his own ideal of truth and honour and justice, he is simply 'a victim of his surroundings.' It is the thought lurking in the minds of those who lay the blame of the moral evils of our cities chiefly upon the environment, as if the country village knew nothing of moral debasement. No one denies the power of the environment or the obligation to amend it, but the deeper truth is that human nature is biased to evil, and that a man not only has power over his environment, but is able to transform it. That truth is written large in history. It is proved by present-day experience. It is written both in

the records of capital and the annals of labour. What is needed is the moral incentive, the varied and potent motive, bearing in upon human desire and will, and that is given freely under Capitalism.

## IV

The third moral discipline is that it calls into exercise a *personal responsibility in the use of possessions*. This is the unique moral value of Capitalism. Liberty provides the sphere of moral progress. The motives which appeal to human nature supply the dynamic. Responsibility calls forth choice, and prompts to forethoughtful action. No doubt there is more temptation to be faced under Capitalism, simply because personal responsibility is continually in action. But temptation comes to be mastered, and in its mastery to rise from a lower to a higher moral character. It is in the use of possessions that this moral endeavour is exercised.

If we examine the daily life of the labourer this truth lies in clear light. Every working man is called upon, as he ought to be called upon, to save a portion of his earnings. At once forethought, frugality and self-denial are practised. Even if his wage be scanty—a remark out of place to-day—there remains the

responsibility of dealing with so limited an income, and frugality and self-denial are exercised. If this seem to some sybarites an evil fate, it must be remembered that a toil-worn self-denying man is on a higher moral plane than a well-fed, heedless pensioner of the public purse. The races which exercise not only an industrial, but a political and moral power in the world have been disciplined through the barrenness of their lands, and the sternness of their endeavours to keep the wolf from the door. They were called upon to exercise a cautious foresight and a constant frugality. As they redeemed their land from the moor and the wilderness, they rose into a moral nobility, unknown to those who were cradled in the lap of ease. The hardy Northerner, compelled to remember the coming of winter, has a moral vigour unknown among the lazzaroni who lounge in slothfulness in the villages of southern Italy. Not only does this sense of responsibility in the use of possessions react upon a man's own moral nature, but it impels him to serve the interests of his fellow man and of the community. Such a man is a strength to every commonwealth, and an asset to the State. Citizenship, in its finest phases, is impossible without a free use of a man's own possessions.



An even higher moral standard is within a man's reach. He may attain the grace of liberality. We cannot give to others, and cannot practise the generousities and hospitalities of life, much less send the timely relief to those in need, unless we have the use of private possessions. No possible scheme of public charity will ever take the place of the private and personal gift. Even were it possible the whole moral atmosphere would lose its genial and kindly tone. The Greek ethical teachers understood this truth and realised that the poor, *i.e.* those who are in need of gracious help, shall be always with us. Aristotle writes, with his characteristic insight, 'It is clear, then, that the better plan is for the property to be held separately, while the produce is common. Besides even for the pleasure of the thing it makes an unspeakable difference to regard a piece of property as one's own. Indeed it is probably no mere chance that makes each of us hold himself first in his regard. It is human nature. But being a self-lover is rightly blamed. By this is not meant loving oneself, but doing so too much ; just as we speak of the man who is a money lover, since all love what belongs to them. But to support and succour friends, or guests, or comrades, is a very delightful thing, and this requires our having property of our



own. The community idea robs us of the virtue of generosity in the use of property.' (*Politics*, ii. 5).

## V

One thing more. The control of private property *affords the power, and stimulates the will, to further the higher interests of life.* The thoughts of collectivists are busy only with the question of industry and with the toil of the manual labourer in the large city or in the crowded industrial centres. They are so eager to make him secure, and to reduce disparity between some who have more and some who have less, that they seem willing to sacrifice every interest in life, that there may be an equal dividend. They seem to forget that 'the life is more than meat.' They seldom lift their eyes to those great causes that stir men to the depths, in whose furtherance manhood reaches its highest stature. Under the scheme of life sketched out by some collectivists a man could not hang a picture on his wall, or place a costly book on his shelves, or possess a lovely fabric from the loom. He would require to go to a picture gallery, or to the cheerless hall of a public library, or to some museum, where delicate embroideries were on view within glass frames. They are blind to those

simple delights of having a home within whose rooms one's own ideals of art and of skill can be possessed and exhibited. They have no conception of the deep joy the man has who has bought some valued bit of furniture, at the cost of sacrifice, and in the open market.

There are causes still more closely allied to liberty and even more potent to satisfy the quenchless desires of the heart. The Protestant desires to advance what he conceives to be the pure religion of Jesus Christ. The Roman Catholic is eager to extend the power of that worship, whose chief bishop is the Pope. The Mohammedan is a keen propagandist among the dark-skinned races. The atheist has his meeting-place, and his journal in which he advocates, with notable energy, his denial of the convictions of believing men. No one of these sacred interests can be committed to the care and support of a State. It would be the desecration of the holiest instincts were men to be deprived of possessions which they could use in furthering these great causes. So that, in all the spheres in which possessions can be used, men rise into

‘Self-reverence, self-knowledge, self-control,’

and this moral assent is possible only under Capitalism.

## IV

### THE INDICTMENT AGAINST CAPITALISM

EVERY justification of Capitalism may be described, to its prejudice, as the plea of an advocate holding a brief. It is open to the criticism that the case against Capitalism has been lightly touched, if not ignored. We shall, therefore, consider the indictment against it, and shall set it in the terms commonly used by collectivists.

#### I

The indictment opens with the assertion that while production under Capitalism may be large, it is attained by the economic impoverishment and industrial enslavement of the labourer. It maintains that production is inevitably carried on under unjust and repressive methods, and that the distribution of the product violates both equality and equity. It passes on to the charge that employment is often exhausting and degrading and always irregular and insecure, with consequent injury to the well-being of the worker. That leads on to a protest against capital sitting soft in ease

of mind with an abundance which it wastes in selfish indulgence, while labour lives hardly, is meanly housed, and even insufficiently fed. It consummates in the statement, as a last and bitter wrong, that the labourer is a wage-slave deprived of the due status of manhood.

Three comments on this indictment are in order—the first is that the charge and the statement of the consequences are overdrawn. Half a century ago the condition of the manual labourer was a scandal. It roused the protest of every compassionate spirit. But no man who is aware of the weekly sum coming into the homes of the manual workers, and no man who is intimate with the relationships of labour and capital, will accept this highly-coloured picture as true to-day. The shop windows of every market town, the enjoyment of the delicacies of life, and the pleasures taken in the times of ample leisure, make some of the charges ridiculous. There are evils, such as the insufficient, insanitary, and sometimes indecent housing. Some of the reasons for this state of affairs are due to the labourer himself. He will not pay for his housing as he will pay, to select one item of his bill, for his liquor. But the fact that the modern demand is not based on the poverty or the distressed condition of the labourer, proves that the old and



mean conditions have passed away. To-day the demand is made because of the claim to a free and full and enriching life.

The second comment is that this mean condition is due, at times, to causes that are strangely ignored. These are recorded in the annals of the police courts, and make up the news of the evening papers. Sloth, waste, and indulgence in even grosser passions are too evident causes of poverty and destitution. Every riverside and factory district will display, in the same common entry, homes of cleanliness, comfort, and taste, and homes of squalor, destitution, and misery. The same weekly wage comes into them all, but in the one case the inmates practise vicious habits; in the other there is thrift and care. These miserable homes are not due, in any great measure, to the environment. They constitute the environment. There are quite as many men and women living as evil lives in other quarters of a great city, only they are not so openly seen, and the results of their heedless profligacy are not so instant. To those who mistake the effect for the cause, in the case of environment, there is the decisive reminder that the best life the world has known came out of Nazareth.

The third comment is that, in the drawing of

the indictment, no account is taken of the real charge against Capitalism. That is the disparity between the economic condition of the different classes of our social order. Out of that sense of disparity there comes the condemnation of wagery, the complaint of a loss of status, the accusation of serfdom, and the demand for equality as an absolute right. Out of it also there rises, like a mist from a marsh, the envy which brings forth greed and hate and suspicion. This root of discord we shall consider more fully. Meanwhile it must be set down that this disparity is no necessary part of Capitalism. It must also be realised that there never has been, never can be, never should be, a complete equality of possessions. Men are not equal, either at their birth, or after it. Their work is not equal, and their authority and reward can never be equal. Under any economic and industrial order there shall always be some set in authority over others. In so far as that authority or reward are unjust, amendment is inevitable. But the need of such amendment is not supported by an indictment so recklessly drawn.

With these three comments on the statement of the indictment we pass on to examine its contentions. These can be condensed into four counts.

## II

The first is that *Capitalism is motivated by profit, not by use, and is, therefore, necessarily oppressive to labour.* The argument is that an industrial system which would produce only for use would be under no temptation, because it would have no opportunity to wrong the labourer of his share in production and distribution.

This count rests on the fallacies that profit and use are opposed to each other, and that profit is the amount which has been extracted from both the producer and the consumer. The truth is that the capitalist's first and controlling motive is production for use. On no other ground can he expect to secure customers for his product. He need not attempt to produce a commodity for which there is no demand. If he produces a superabundance his profit is gone. If he does not produce a supply which satisfies the demand, the prices rise, and others step in immediately to satisfy the call of the consumer. There are iron laws of production. The capitalist must supply the actual wants of the community, and must meet, not only the purchasing power, but the taste of the consumer. The capitalist's first aim must be use, not profit. We shall look at this point



with illustrations, leaving open the question of what happens because of the capitalist's resultant aim of profit.

That profit and use are complementary can be shown in decisive instances. Some twenty years ago wire manufacturers found that the German factories were making a lighter and cheaper wire than they were producing. The shrewd German mind had discerned that this lighter wire was sufficient for the purposes required. It was in demand for wire fences in the British colonies. The British makers found their goods left on their hands, and their profit gone until they adapted their product to meet the need and the purse of the consumer. English tool manufacturers were made uncomfortably aware that German traders were selling a rude but serviceable knife to the West African negroes. Its cost was about one-half of the knife, of better steel, and finer finish, made in Sheffield. But the price of the German knife was within the purchasing power of the African native, and he left the costlier British knife in its maker's store. There is a record of the rough, yet fairly efficient bucket which was produced in German factories to supply the wants of the natives of the Congo. The British manufacturer found his stronger but dearer bucket left on his hands. Plainly



the capitalist must produce for use, and to meet the buying power of the consumer, or he must make no profit at all.

This clear evidence is met by the statement that if the producer would keep only use in mind, and would take no profit, the product would be supplied at a still cheaper rate to the consumer. There are still labour leaders to be found vending this specious fallacy. There are still writers who seem to be persuaded that Capitalism is a costly system of production and Collectivism will, in some miraculous way, satisfy the needs of the community at less cost to labour, and with more profit to the labourer than capital. It cannot be too often reiterated that the private producer always supplies the consumer more cheaply, more accommodately, more promptly, than any public board or State-controlled factory. The reasons for this are, in part, that the private producer is always intent on enlarging the number of his customers, and, therefore, is eager to lower his prices to meet their power to purchase. In the late war, simply because the private producer was under public control, the prices of goods soared to a height which not only deprived large numbers of a sufficient supply, but compelled the 'index figure' of the cost of living to rise to a height which has

threatened the commercial well-being of the nation. The 'profiteer' would never have been known, and would have had no opportunity of seizing his so often excessive profit, if Capitalism had been allowed its freedom and resourcefulness.

This fact that Capitalism secures the well-being of the consumer at the least possible profit can be illustrated by three modern instances. Some years ago a newspaper, which contained world-wide and up-to-the-hour news, was beyond the purchasing power of the people. The average man was compelled to content himself with an evening paper in which many of the items were taken from the morning issues. Mr. Harmsworth (the first of the name) realised that by organisation and management he could give the news of the world to every working man at an early morning hour. With a circulation of a million copies every working day—312,000,000 copies a year—he could so reduce the cost as to sell at the price of the lowest coin of the realm. He published the *Daily Mail*, in three centres, with a profit on each copy which could be stated only in a row of decimals. The consumer would not be more cheaply supplied if the element of profit were to be eliminated.

For many years the cotton industry was

chiefly confined to certain districts because of their humid atmosphere, and especially to the areas of Lancashire and West Yorkshire. This limitation of area prevented the extension of the industry and increased the cost to the consumer. An inventor patented a process of damping the cotton artificially, so that it could be manufactured anywhere within the kingdom. The other conditions were abundant labour and cheap transport, with the result that the whole cost of cotton to the consumer has been lessened. It is clear that the incentive of profit works out to the advantage of the consumer, for, indeed, producer and consumer are not enemies, but co-operators in spite of their seemingly diverse interests.

A third instance is chosen because of the public clamour which arose when the last dividend (1920) of the profits of Messrs. J. and P. Coats, Ltd., were declared. This firm, with its head office in Glasgow, is a combine of the many manufacturers, both in England and Scotland, engaged in the spinning of thread. It was formed for the express purpose of lessening the costs of production and distribution. A rigorously economical management by a board of competent directors resulted in the employment of fewer agents and smaller clerical staffs, and a skilful adaptation of machineries.



The wages and salaries were increased. But the sales, because of lowered prices, were so large that the profits exceeded the forecast of the promoters. The notable fact is that the price of the thread was less than before. Even the price during the war did not rise in a proportion that might have been expected. Yet the sum of the profits in this last dividend seemed to be open to a charge of gross profiteering. The company invited a public inquiry, and the loud protest was stilled. It was proved that the sewing cotton was supplied to the consumer at a price which left little or no margin at all, for the profits came, to a great extent, from the export trade. It is a fallacy to think that the user would be advantaged if the incentive of profit were to be taken away. The fact that the manufacturer must keep both use and profit in view works out to the consumer's gain.

### III

The second count in the indictment is that *capital is theft*. This is the charge which is made with a note of passion in the voice, and moves some men to violence. It makes its appeal to the quickened conscience of which we have spoken. It is as old as Proudhon, who expressed it in his famous phrase that 'pro-



perty is robbery.' Although it was silenced for years by the still unanswered reasoning of Bastiat in his *Harmonies of Political Economy*, it is the eager contention of the collectivists to-day. It appears in the Marxian doctrine of 'surplus value,' in the reasonings of the Fabian Society, and in the arguments of the syndicalists. But capital, gained as a reward for service, whether it be the service of a man's hand, or of his brain, or of his goods, is not theft. It is thrift, or a due reward of costly hours of toil, or a return for skill, resource, or inventive genius. It is the honourable increment gained by putting one's possessions at the disposal of another, to his advantage.

Look at the matter in the simplest instances. A working man saves five shillings a week and lends it to the Savings Bank or to the State. An overseer shows his ability in management and direction, and out of his consequently larger acknowledgment, saves twenty shillings a week which he invests in some business. A manufacturing firm builds a larger, airier, and more wisely adapted factory, so that they increase their output, lessen its cost, and gain a larger profit. A man expends his accumulation of savings in lodging and clothing those who are draining a swampy moor, so that its soil yields a harvest. Each receives a propor-

tion of the product, or it may be a few acres of the land as his reward. On what ground can it be said that such capital is theft? When capital has been gained dishonourably, or dishonestly, whether by a workman who slacks and shirks, or by an employer who does not give a fair value in what he supplies, they are both thieves. But capital honestly gained, whether by personal service or the loan of possessions, is not theft.

Passing from this direct charge, with its rhetorical statement, we find it meeting us in the position that however capital may be gained, the taking of interest on capital is the source of the wrongs denounced in the indictment. We may leave aside the contention that all usury is sin. The Hebrew scriptures affirmed that view only when interest was taken from a fellow Israelite. The New Testament writers have no hint either that property is theft, or that the reward of the trader using his possessions is unjust, or a source of wrong. Yet some believe that if interest and rent were abolished the evils from which labour suffers would pass away. That is really a foolish imagination. If every man were brought to the common level of a labourer to one employer—the State—no one of the wrongs against which protest is made would be lessened. Toil

which is difficult and disagreeable would continue. Subordination of man to man, which seems to be a red rag to some, so that they will not even be courteous in intercourse lest they seem subservient, would continue. Disparity in status and inequality of reward in some form would persist. It is not the taking of a just interest, or of a fair rent which produces the wrongs of our social order. The evil is deeper, not to be expelled from the body politic by an adjustment of a system, but by a healing of the soul.

Face to face, however unwillingly, with these truths the ground is taken that interest received by a shareholder who has never even seen the workers who toil for the company, or the buildings in which they labour, is the real injustice. But what is that interest? It is simply the debt of the labourer for the tools with which he works, or for the wealth which has employed and rewarded in advance the skill and resource which directs his labour and puts its product upon the market. One man lends another the house he has built, the boat he has fashioned, the tools he has brought to perfection of efficiency and finish. He has given the opportunity for a larger return with a greater ease of toil. Surely the labourer is entitled to make some return, and that return



is interest. In the same way under the more complex conditions of modern civilisation the shareholders in a manufacturing industry, an engineering company, or a shipping line with a fleet of ships, give the use of the articles they possess, and keep in fitness and order. As they further the labour, promote the comfort, and even provide the pleasure of the persons who use them, they are entitled to interest. To take a larger view, the work of the world would be hindered, its intercourse would be narrowed, and the field of labour would shrink to the pettiest area, if men with possessions could not employ them and adventure them, in projects whose compelling motive is interest.

This accusation against capital is made with more rigour in regard to rent. Sometimes it is urged under the plea that land ought not to be in the possession of any private person. A stronger reason might be pleaded for the position, that no other than private persons should own the land, for it is wise that men own the tools with which they work, and land to the largest extent is simply a tool. It is true that those who own the land should be compelled to use it for the public good. But private ownership and control has been proved to be the ultimate wisdom. Even a municipal farm, closely scrutinised, is not so profitable



as one whose fields are under its cultivator's eye.

‘He, who by the plough would thrive,  
Must either hold himself, or drive.’

This charge is deepened in its condemnation by an addition which has nothing to do with the real indictment that property is theft, although it increases the prejudice against rent. That is that lands were given by the arbitrary act of a king, or at the caprice of a king's favourite minister, or seized by a bold enclosure, or a successful raid, or a daring squatter's occupation. All these condemnable circumstances, so often beyond the reach of proof, are wholly beyond any equitable remedy. But let them stand as being accurate, and ask if the taking of rent for the use of such lands is a mode of theft, and a source of injury.

Let it be assumed then that the lands of a country like our own are held under a title which we regard as unjust, or at least unworthy. We must remember that the reward and even the methods of acquiring land were not condemned three hundred years ago, as they are to-day. It was then an open and untamed, and largely wilderness country. Legal possession was not gained or held under clearly-defined, or even wisely-ordered, statutes. But it is an impossible contention that ser-

vices which some reprobate, while others applaud, ought not to be rewarded, because some men judge them to be unworthy. A grant of land to a courtier, or even to a courtesan, may rouse an antipathy to their descendants, and seem to be open to the charge of unjust possession. To-day, there are millions of men who hold that the distiller and brewer and publican are a curse to the country. There are even larger millions who declare that boxing is a brutal and demoralising sport. Yet no man would insist that the possession of lands which the distiller has bought with his gain, and the prize-fighter possesses through purchase with his stake, should be denied a due rent, even although they have gained possession by the methods of the tiger and the ape. Many of those who declaim at street corners against the holders of land on the ground that it was given or gained without moral desert, would flame into indignation if the publican were to be stripped of his wealth, or the prize-money taken from the pugilist, on the ground that both were thieves in exacting a rent from their land, because it had been acquired by unworthy and degrading services.

But these contentions, and, as a consequence, the replies which are made to them, are really beside the mark. Most of the present pos-

sessors of lands have bought them. Only in rare cases do the lands remain in the possession of the descendants of those who acquire them. Even in such instances they have been enriched both by the expenditure of care and of means so as to make them more productive and more beautiful. The great majority of the present owners have purchased their estates, or their farms, or their little holdings, by the rewards of their labour, or by the use of their capital. As often they have gained their lands by their energy and toil, their prudence in management, their power of administration, their genius in art, or science, or literature, their services to the nation or to the State. When they ask that the user of their land, in which their honest gains have been stored up, and by which he is making his living and his profit, should give them a share of the product, their stipulation is one of the most evident honesty. That is rent. If the rent be excessive and capricious, its owner, the capitalist, is unjust. If it be less than a due share of the product, as it has been in the past few years, the user of the land is unjust. If the tiller of the soil extracts an undue proportion of its value, or suffers it to become impoverished, he commits a further injustice. But both interest and rent are the rightful due

of capital from those who employ it to render their labour more productive and their lives more gracious. It may be true that a better system of land ownership and of land tenure should be devised. It may be as true that a more efficient service and supply of the whole varied needs of the community should be given by land, and by those responsible for its cultivation. In no direction are our present laws less adequate than in their dealing with the whole situation both of ownership, and conservation, and control of land. But looking at the indictment against capital we reach the conclusion that as interest from capital honestly gained under the law of the land, is entirely honourable, so rent charged for the use of land is entirely worthy. Capital, in itself, is not theft, and its fair reward is its honest right.



## V

### THE INDICTMENT AGAINST CAPITALISM

(*continued*)

OF the four counts in the indictment against Capitalism the first, that it aims at profit, not at use, deals with the controlling motive. The second, that capital is theft, deals with the alleged method of the gain of capital. The third count deals with the resultant of these two charges. It is affirmed that Capitalism compels a competition which is both economically wasteful and morally depressing to labour. This third count is supported by declarations that the numbers engaged both in the management of production and the mode of distribution are needlessly large; and that they absorb a share of the product which is due to the manual worker. It is also asserted, with a keener passion, that competition tends to overdrive the labourer, for he is regarded as only a part of the machinery. The final allegation is that competition issues in overproduction, due to the hustled pace of the competitors, so that a periodic cycle of dull trade sets in, when labour suffers the horror of

destitution with a criminal result of moral deterioration.

## I

When we examine this charge of the economic wastefulness of competition, we mark that the evidence is usually taken from a limited area. It is chiefly drawn from the public services, not from actual production. The most notable instances are taken from transport. Two railways carry goods to the same area; a single line is sufficient. The wagons of one company deliver goods to stations on another; they return empty. Several shipping firms possess fleets of vessels, maintain office establishments and waste money in advertisements; a single agency could conduct the service. Three milk carts supply one street; one only is required. Similar instances are produced from other departments of service.

In so far as there is really waste no defence can be made, or ought to be made, under any system. But the excess of employees and the over-supply of goods are not articles of faith, nor are they methods, approved by Capitalism. Waste either in production, or management, or transport, spells bankruptcy to the capitalist. Here the charge lies rather against Collectivism, for costly management is one of the besetting

sins wherever the watchful superintendence of Capitalism is withdrawn. It cannot be too often pointed out that neither the production nor the distribution of the product are as efficiently carried on under Collectivism as under Capitalism. Would the milk supply, the sea-borne traffic, the railway service be as promptly, as regularly, and as courteously carried on as at present? Would the oversight and management be as economically conducted? Would the lessened supply of transport, as is here assumed, be to the advantage either of commerce, or of the public? A third distinction may be set in the statement that if the same weight and variety of goods are to be carried, the same number of passengers to be accommodated, the same amount of cargo to be shipped, the same amount of milk to be supplied, the number of men employed, and the actual manual labour needed cannot be lessened at all. These are the ultimate questions in transport, and they indicate that the elimination of competition would rather increase than diminish waste.

But the allegation turns to stress the heightened cost in management, through competition. Here again the charge is made through ignorance. The cost of transport has been shown to be a singularly small item in the

price of goods, although somewhat large in the carriage of passengers, because of their demands for increasing comfort. The cost of the management of transport is a decimal figure of the whole. Take one decisive instance. The cost of the carriage of fish, including the charges for management, from Aberdeen to London, amounts to no more than three farthings a pound. It is the wages bill for labour which enormously increases the price. The labour of building and repairing the boats, of keeping the nets in order, and of catching and curing the fish absorbs the vastly greater part of the price paid in the market. But beyond such statistical proof the broad truth is that management under Capitalism, both in production and distribution, is less wasteful than under any public board or State department. One of the scandals of the present day is the paralysing cost of the public services. To reduce the superfluous staffs, or to reach any moderation in the salaries paid to the officials, seems to be almost impossible. But the keen oversight of the capitalist ensures that no labourer or overseer is on the pay sheet who is not required. His whole interest is devoted to cheap production, and the slacking, loitering, and malingering which are universal features of bureaucratic control,



are instantly checked. Beyond this truth of the actual working of competition in making for economic gain, there remain the obvious facts that private management is more resourceful, more willing to make ventures, more eager to expedite delivery, more instant in its service of the consumer, and above all, more keen-eyed in the discovery and prevention of waste.

## II

The charge that competition is economically wasteful is being less publicly, or steadfastly, urged. No one of the instances stands the test of a close examination. As usual the opponents of competition fall back on the other feature of their indictment—that *it is morally wasteful*. The contention is that competition between capitalists tends to oppress the labourer. It depresses wages because of what Lasalle called ‘the iron law of subsistence,’ by which he affirmed an inevitable tendency of wages to fall to a level which would keep the labourer alive, and no more. That rhetorical line has now been scored out of the indictment. But it is still contended that competition will always deny the labourer the free and full life which is his due, and will grind him between the upper mill-stone of the employer’s greed and the nether mill-stone of

the consumer's apathy. The conclusion is that labour is both oppressed and depressed, and that competition compels capital to commit these wrongs. The final charge is that competition may not waste wealth, but it wastes men.

What is the truth about competition? There may be a competition which justly suffers a moral condemnation. Many pages of the statute book of the realm are filled with enactments to regulate competition. The Trades Union system has been organised to check any self-willed practice. But the ambition to increase possessions on the part of men or of nations, the impulse to excel a rival, and the desire for pre-eminence are native passions of the heart, and no law can prevent their issue in competition. Yet in every passion and every energy there is a low and base plane of action, and there is a high and noble one. Since competition is inevitable, so long as men remain what they are, and cannot be eliminated from any social or industrial order, the only remedy from the evils which may be bred by its exercise, is to purify the passions which find their sphere of action in its expression.

One clear-sighted collectivist has discerned and faced this truth with candour. Mr. G. R. Stirling Taylor in *The Guild State* (p. 93) writes

in this decisive way. 'There were many brave people amongst us who tried to prove, and believe, that competition was altogether evil, and that we could do without it. As a theory for latter-day saints there was a great deal of truth in our brave arguments. As a practice for present-day sinners we were trying to bury our heads in the sand. The gentle prick of competition develops an energy in man.' This is a wise and convincing correction of much wild speaking and headlong writing. Mr. Stirling Taylor sees that many of the diatribes against competition draw lurid pictures that are false to the facts, and that to-day competition has only 'a gentle prick.' He realises that many are not looking out with clear eyes upon the world of industry, for, in his words, they are burying their heads in the sand. He does not pass on to the full and enriching gain of competition. It not only develops energy, as he asserts, but it imparts interest to life, and zest to labour, and by enriching the mind and quickening the spirit is an element in the moral development of the race. Even were the world to become the home of 'latter-day saints' they would require, and they would rejoice in, the whole round of competition, but they would transmute it into a noble emulation. They would not discard the pliant



garment of competition for the straight jacket of a limited endeavour.

The pregnant blessing of competition appears in every sphere of human activity. The games of life cannot be played with zest and their achievements cannot be attained without competition. Two youths strip for the hundred yards sprint. Two county elevens pass out to the cricket field. Two football teams stand, ranged in due order, between the goals. Two rowing crews await, tense, eager, confident, the word of the starter. Two yachts, each embodying a national patriotism, hover at the starting point. Every nerve of the men engaged in the contest is tingling with delight. Every heart is thrilling with the passion to excel. In the competition, patience, endurance, courage, self-discipline, indeed the whole development of manhood, are attained.

If public games seem to some only a part of the idle play of life, into which competition may be allowed to enter, let us consider some of the highest achievements of human endeavour. Two choirs compete at a Musical Festival. Two students enter the lists for a scholarship. Two artists strain to receive the recognition of the Royal Academy. There are rewards to the successful competitor much to be coveted. There is public applause and an



enduring fame. There are substantial money prizes. There is the prospect of a further advance in skill and power and a personal pre-eminence. All of these are the potent dynamic which competition creates and fosters. By the exercise of these quickened energies skill is perfected, the world is enriched, and the worker himself is gladdened and ennobled. Who would condemn or banish such competition ?

In the sphere of industry it is as inevitable, as indispensable, and as salutary. Two farmers compete with each other to place their potatoes on the market in the first days of summer. Two fishing fleets in the North Sea scan the fitness of their equipment, watch the signs of the weather, and keep note of their distance from the port of delivery, that they may land their fish in time for the earliest dispatch, and lay them first among the competitors in the fish market. Two firms maintain a constant rivalry as to which shall produce the finest carpets, the most durable and artistic tweeds, the most powerful engines, the swiftest and most seaworthy ships. Life is lived at its fullest under such conditions, and these conditions can be attained only under Capitalism.

But it may be protested, although not

accurately, that in all these aspects of competition the ordinary man has been overlooked. It is the man with the hammer in his hand who is oppressed by any competition. Is that accurate? Every decent workman, unless he is a sluggard and a shirker, has an interest in the quality and serviceableness of the products in whose manufacture he is engaged. Every agricultural labourer, every weaver, every fisherman, has his interest aroused and his energy developed, and his will disciplined by his share in skilful and excelling production. Ship carpenters and engineers have confessed to the throb of personal pride on the day when the ocean liner, in whose building they had been engaged, passed down the ways at her launching, and sat at rest upon the water. They eagerly declared that she was the finest ship of her class afloat. There is much toil that cannot fail to be monotonous. There is no escape from drudgery. The man who sits at a desk, cramped and chilled, with his muscles stiffened and weary, has often wished he had a hammer or a pick in his hand. But with him, as with others, 'the gentle prick of competition' has given the stimulus he required. His passion to excel has quenched the lower impulse of his weariness. There may be an abuse of

competition, as there may be an abuse of anything else [in the world, but it remains, and shall remain, a moral force in the history of the freedom and progress of humanity. The controlling condition of lawful competition is that competitors must 'play the game.' That is what is required also in industry.

There is, however, one direction in which we may look, and mark the moral degradation of the labourer. That is to be found in the laws and conditions imposed by Trades Unions to check competition. The command that a man shall lay only a few hundred bricks a day, and all other similar limitations, degrade a living, thinking, eager-minded man into a machine. They rob him of his power of initiative, dull his mind, and tame his spirit. The willing acceptance of piecework and of squad work, with their record of large output, and the perfect willingness to work overtime, are symptoms of the rebellion of manhood against these cramping and limiting conditions. It has been proved that since the miners had begun to work on the new conditions of increased payment for increased output, they had become both healthier and happier men. The element of competition had infused a new joy into their work. It is open to conjecture that one reason for the unhappiness in so many



of the homes of labouring folk, for their flocking in thousands to football matches, and for the indulgence in drinking bouts on the part of those of weaker will, is due to these tram-melling laws by which the workman has been reduced to keep the pace of a machine. That is not the only reason for this loss of personal interest. But whether that be due to the oppression of a capitalist, or the repression of a Trades Union, there is urgent need of relief. Whatever will quicken interest, develop energy, and add to the zest of toil ought to be encouraged, and competition has its part to play there. All the petty and selfish rules which fence a man about in his daily work, prevent the progress and evolution of the race. There is an upward calling which the spirit hears and responds to in freedom. His response may cost him strain and toil, but the development of his personality is attained in no other way. Browning bids men 'strive, and never mind the throe.' He describes, with his usual vividness, the degradation of those who try to escape from the arena of struggle and contest, and pictures them as cattle

'Tame, in earth's paddock, as her prize.'

The Hebrew poet anticipated Browning when he likened such men to 'the beasts that perish,' Competition is a moral force.



## III

The fourth count in the indictment is that *Capitalism imposes serfdom on labour*. Here we rise into the sphere of morals. It has become increasingly clear in these discussions, that the real focus of appeal is in the moral obligations. Here, then, the terms of the indictment ring with protest. There are declarations against the mean dependence, the suppliant bearing, the lost manhood, and the servile mind which Capitalism is said to impose on labour. Rousseau's familiar sentence, 'Man was born free and yet is everywhere in chains' is the well-worn text of the opponents of Capitalism. It was a heated saying in Rousseau's dark day, and it is repeated as though it had still the value of a steadfast truth. This protest passes on to demand the independence of the employee as against the employer, the complete liberty of choice in regard to conditions, with a consequent self-respect. These demands consummate in the declaration that no man shall have any obligatory relationship in industry except to the State, and the conclusion is that only under that relationship can personality be developed and ennobled. Without such altered conditions Capitalism is said to impose what is

termed, with an overdrawn rhetoric, 'serfdom' on labour.

The first question to ask in regard to these allegations is—are they warranted by the facts? Is labour, under Capitalism, in serfdom? Are employers of labour tyrants? Have they power to deal with their workmen as their selfish greed dictates? Can they make rules which limit the free conditions under which any industry can be carried on? Dare they treat their workmen in a way which injures their independence, or lessens their self-respect? Have they power, or any means of exercising a wilful power, over the opinions and actions of their employees? Can they, of their own counsel, adopt and impose the methods, or the hours of work, within their own gates? No one would attempt to affirm that any of these statements represents the facts of the case.

But there is a sphere where the charge of a condition akin to serfdom does exist. The action taken by Trades Union leaders in issuing orders to their members, the happenings which are universal in a labour strike, the coercion exercised on so many unwilling workers by those who are placed in power, present a case where independence and manhood are sacrificed. The numbers of men, who are

compelled to strike and to suffer against their will, who dare not utter one word of protest, who have as little liberty as a gang of convicted criminals at work under a warder, present true instances of serfdom. The 'blackleg' who dare not attempt to approach the gate of a shipbuilding yard in the exercise of his will, is a serf indeed. More blameworthy still is the fact of the large numbers who, technically unskilled, are quite competent to attend some machine, and yet are banned by the Trades Union official when they beg leave to earn their daily bread. A greater scandal is the fiat which has gone forth against men becoming 'trainees' and, by a briefer apprenticeship, becoming enrolled in the regular ranks. Even men who have fought for their country's freedom, and have lost years of their lives, have made an unsuccessful appeal against the tyranny of the Trades Unions. These Trades Unions have done great service in the past to both capital and labour. In their recent developments they have become oligarchies which impose a distinct serfdom on labour, both within their own ranks and without.

This broad indictment of serfdom under Capitalism does not stand, and the charge is stated, therefore, in a wiser and more careful form. It is admitted that Capitalism does not



make the working man 'a serf' in the strict sense of the term. That word, borrowed from a past feudalism, was too ridiculous to be used by men who claimed to be reasonable. The new term 'wagery,' *i.e.* the receiving of a weekly wage from an employer, is the basis of the workman's enslavement. From some writers one would gather that if the term 'wage' could be disused, for the term 'pay,' or better still 'salary,' there would be no degradation in receiving it. Others have suggested that if the wage were given at longer intervals, and without counting the days or hours which are worked, as is the case with a salary, it would become honourable. They seem to be unaware that the grievances felt by most salaried persons are that the intervals of receipt are too long, and that too little account is taken of hours and days, while overtime has no place, or at least a very minor place, in the scale of reward.

Why should there be any sense of degradation, any loss of self-respect, any conception of enslavement in receiving wages? The writer knows all that needs to be known about receiving wages, and he knows almost as much about receiving a salary. He never felt any degradation or enslavement, or loss of self-respect, if only he felt sure that he had given



a fair day's work for his wage, and had earned his salary by diligence and fidelity. Why does a trader have no feeling of dependence in taking money across the counter? Why does a lawyer or a doctor, in taking a fee for service, stand without being abashed or feeling degraded? Each has been paid what is nothing more nor less—name it as one may—than a wage. Why should a working man, who has produced some article by the skill of his hands, feel any loss of respect in receiving a just reward for his labour? There is one sphere of action in which this sense of degradation and lost self-respect and unrealised personality might be felt. When men with good wages eat bread subsidised out of public taxes, or burn coals at less than their cost of production, or refuse to pay their rent when an economic increase is demanded, and their wages have risen in an even higher degree, they ought to have a sense of degradation, and they ought to suffer a lost self-respect. What a man has earned he ought to receive, through whatever channel it comes, as his right. He ought to lose his independence if he is willing to become, what would have been termed, two generations ago, 'a pauper.'

## IV

Let us rise from this discussion of details, and from these arguments against Capitalism which are no longer urged by the more experienced and wiser collectivists. Let us get down to the ultimates behind this fourth count of the indictment against Capitalism. One of these ultimates is the belief that if one individual works for another individual, and is paid by him he is in a dependent, subservient, and even menial condition. That is a totally false idea of the relationships of life. At its root it is a morbid egotism displaying itself in a stupid and unworthy self-assertion. The thought that if one gives 'social service,' as it is called, he may escape this sense of dependence, and may keep his self-respect, does not face the actual conditions of service at all. To consider that by giving out tickets at a booking-office window, or going messages in a uniform for a civic corporation, or carrying cakes in a public tea-room ensures self-respect, is to refuse to realise the truth. To go on to declare that if one serves a captain of industry in a shipbuilding yard, or a merchant in his office or packing room, or the mistress of a home in her house, he or she suffers degradation and approaches serfdom, is simply an

inverted snobbery. Service is not only the obligation, but the law of life. Only he who serves is noble. The questions he should ask are, not whom he serves, but whether he serves in a cause of human need, and with the utmost fidelity. This conception is not only condemned by the law of life, but by the law of Christ. The man who disdains to give those services which minister to the whole round of human needs, has never realised what is highest and noblest in life. 'I am among you as one that serveth,' said the noblest spirit who ever walked in perfect freedom on our earth, and He stooped to wash His disciples' feet. At His feet to-day all the world kneels.

When will men realise that there is no escape from obedience and subordination on the part of one man to another, under any possible social or industrial order? There must be those in authority who give orders. There must be those with oversight who direct the actions of those who obey. There must be those who have responsibility, and, therefore, must make choices and decisions. It is sometimes urged that men would willingly obey any one who had been elected by the workers to a position of responsibility and authority. It is difficult to understand why this thought should be cherished, or why obedience to an



authority so chosen, is honourable, but obedience to a master of industry degrades. The experience of those who work for officials affords no proof that thereby independence or self-respect are attained. An official in a public department, the manager of an undertaking which is under civic control, the ruling authority in any co-operative union, is always more autocratic and less approachable than the master of a large enterprise, whose interest is bound up with the goodwill and the respect of his workmen. Any one who has served under an official in a State department, or under an officer appointed by popular suffrage, finds his personality unregarded, his mode of life unheeded, except in so far as that may impair his efficiency, and his unquestioning service sternly demanded. He is little more than a cog in the wheel. The only solution for any infringement of a wage-earner's independence or self-respect lies in altered men, on both sides of the service, and not in any possible system. The wise-minded and well-minded capitalists—and these men abound—treat their workmen with a fairness, a consideration, and a sympathy too little recognised. Most working men are aware that they can rely upon their fair and impartial decision when two branches of one industry



disagree. The master understands the conditions under which he must run his business. He will not give any workman the slightest reason for asserting that his personality will be challenged or degraded, or his true liberty curtailed. He is ever on the outlook to recognise, to commend, and to reward ability and integrity. The men who complain of dependence, or degradation, or enslavement, are often those who are the wilful inefficient on the roll.

These four counts in the indictment of Capitalism are not supported by the evidence, and are refuted by a patient review of the conditions of any industrial order. Yet there remain the wrongs which prevail. Labour unrest has its causes, and these, so far as they can be amended, demand instant dealing. We must not, in fair thinking, cry down a demand because it has been based on false premises, and wilful conclusions. The claim for a fair share of the good things of this present life, for more security and leisure and comfort, and for a fuller and freer and nobler life, as the just portion of the masses of the people, must be met. That new spirit, that quickened conscience of which we have spoken, is rightly sensitive to every accusation of wrong-doing, whether on the part of Capitalism or of Labour. Above all, it is keenly touched by

any conviction of inequality which can be, or ought to be, removed. But that does not lead to, or justify, the assertion that Capitalism, as an economic and industrial order, is the cause of these wrongs. Capitalism does not necessarily issue in these unfairnesses and inequalities. That is the root fallacy of Collectivism. The evils of our present social order are not due to the system of Capitalism. They are the crimes of the capitalist—and of other men.

## VI

### THE CRIMES OF THE CAPITALIST— AND OF OTHER MEN

CAPITALISM has an economic justification and yields supreme moral values. It supplies that abundance of wealth which is the necessity of a free and full and joyous life. It arouses energy, stimulates initiative, and provokes inventiveness and resource. It provides an incentive to ability and skill. Its elasticity of method enables it to deal with the varied needs of a complex civilisation. It adapts itself to the intricate conditions of exchange, and provides the only known solution for the problems of international economic intercourse. Its moral values are seen in its maintenance of personal liberty, its dependence upon individual responsibility, and its appeal to imperative motives. The fact that it 'grew' and is no artificial scheme of fantastic theorists is the proof that it is consonant with human nature. Its ideals may require to be purified; its methods to be amended; its motives to be ennobled. That is the truth of all things

under the sun. But so long as human needs remain what they are, Capitalism is justified by economics. So long as human nature remains what it is, Capitalism is justified by morals.

Yet there remain the wrongs so evident in our social order. These wrongs, as we have seen, are greatly lessened in this present time and are being continually redressed. For these wrongs are not evils necessarily bred by the system of Capitalism—if so varied and elastic a method can be called a system. They are the growths from those roots of evil out of which there spring most of the wrongs of life. In all relationships, and in every organisation there are the rude, the covetous, the envious, the vengeful. They infest a Trades Union as pitifully as a Chamber of Commerce or a University Senate. The capitalist is not a sinner above all men that are on the earth. Yet there is no doubt but that there are capitalists who have seized the opportunity, given them by their possession of capital, to commit crimes which ought to be denounced and punished. The possession of power and of authority whether of a capitalist, or of a labour leader and his followers, always tempts to wrong. We shall, therefore, consider the crimes of the capitalist. But we shall not forget, as no man should forget, that they are also the crimes of other men.



## I

The first crime is that the capitalist not only seeks a profit but that *he exacts an unjust profit*. The proof of this is usually drawn from production. An article is given the appearance of a strength and durability it does not possess. Shoddy is manufactured and dressed to pass for fresh and honest wear. A higher price is demanded than yields a fair return for the labour employed. Advantage is taken of a rising market to fix a higher price on goods which have been bought when a lower rate prevailed. No doubt a certain allowance must be made to cover the risk of a fall, but the large increases can seldom be justified. They are a species of theft.

Or again, the market may be 'cornered' so as to produce a false scarcity. Fish have been thrown into the sea lest their abundance should lower the price. Supplies of wheat have been withheld so as to exact a ransom in their cost to the consumer. Sugar has been delayed in delivery for the purpose of increasing its price. Land has been kept empty and idle in the hope of an enormous increment. In another direction men and women have been set to work at 'sweated wages.' The pieceworker's price has been meanly cut, because the em-

ployer thought he was making too large a wage within the week. The attempt to introduce a large number of apprentices, and the proposal to employ 'diluted labour' have been opposed, partly because men realise that the capitalist was using these methods of exacting an unjust profit. These all are crimes. During the European War these criminals had their opportunity, and the word 'profiteer' was coined to stigmatise the wrong done not only to the labourer, but to the community.

The same guilt can be proved in the area of the distribution of wealth. When profits began to rise many employers paid no spontaneous heed to the wages of employees. They refused to share their larger income with those who were fellow workers with them. They met every appeal either by a refusal, or by the slightest possible increase. Companies have paid an enormous dividend after every endeavour to disguise their profits by placing a large sum to reserve and spending freely in renewals, without considering the claim of labour at all. Supply stores have enlarged their premises and 'watered' their stock and yet kept their staffs at the lowest minimum which they would accept. Mine-owners and mining companies have prospered, but they have seldom or never willingly shared their

profits with their workers, and have yielded only when in fear of violent reprisals. Farmers, as is attested by the declaration of their estates at death, have made fortunes while resisting the demands of their ill-paid labourers. Had capitalists been wise, and had they had regard to their own interest, and still more had they been moved to justice, they would have resisted these temptations, and not been classed as they must be among those who have committed crimes both against labour and the community.

That these are just charges can be proved in the simplest possible way. The only witness one need call is the Chancellor of the Exchequer. The graduated income tax—a tax every one should pay—is based on the principle that one man has a larger income than another. But when the severe toll of death duties was imposed, and above all, when the expressly and significantly named Excess Profits Tax was instituted, there was set on the Statute Book the declaration that great wealth had been gained at what the conscience conceived to be an unjust profit, *i.e.* a profit larger than should have been taken. This is not the inevitable result of Capitalism. There are capitalists whose hands are clean. But there are many more who have committed this crime of the unjust profit.



## II

The second crime of the capitalist is *heedlessness of the well-being of the labourer*. He has not asked, and has not cared to ask, about the labourer's home. He has not inquired as to whether comfort or cleanliness or decency were possible within his narrow house. He has not been ashamed that the sun could not shine into the street where his workmen's children played. As a class capitalists have taken almost no account of the manner of life observed by their employees when they left the gates of their factories. Such friendly interest is not so easy as it was in primitive days when an employer had a few workmen with whom he lived in social intimacy. But more ought to have been done, and more can be done, than to bestow a little patronage, or to give a sympathetic subscription. It must not be forgotten that the slum and the mean home are not entirely due to the capitalist's lack of interest and want of care. It seems impossible for men who are living in the midst of it to take due account of the improvidence and sloth and drunkenness, which do more to impoverish and degrade labour than any neglect on the part of capital. In every congested area there are homes whose shining



windows, bright firesides, and clean thresholds form the index of a life of high purpose in an atmosphere of purity and peace. Yet this does not exonerate the capitalist from that heedlessness to the well-being of the labourer which has been one great cause of his degradation, as it is one source of his bitterness of spirit.

This heedless apathy and selfish neglect are not universal. There are names justly honoured because, when riches have increased, they have set their hearts on the well-being of men. It is the eternal praise of Robert Owen that in his successful and happy capitalist days, he made the well-being of his workers his primary aim. Like every other man who has followed the same ideal, wealth also was attained. In modern days a visit to Bourneville, or to Port Sunlight, would exhibit the same truth. A study of the methods of the Cleveland (Ohio) Garment Manufacturers' Association would convince the most hardened of the wisdom of caring for men's well-being. (Cf. Samuel Crowther, *The World's Work*, September 1920.) To go farther afield, a visit to the Buckingham and Carnatic Mills in Madras would persuade the most unwilling that a care for the well-being of the worker is burdened with blessing. The numbers of men

who wait at the gate eager for employment under so wise and humanitarian management are the sufficient proof of its many-sided wisdom.

How rare is this course of conduct ! How common is the crime ! John Stuart Mill, Ricardo, Bastiat, and Malthus uttered their warnings. It was the burden of Ruskin's pathetic indignation and of Carlyle's fiercest scorn. Charles Dickens and Charles Reade set both the criminal and the man he had wronged upon the stage. To-day it is the angry passion in the hearts of many who have been moved to more than protest. One of the leaders of the socialistic movement referred, on every occasion on which the writer heard him speak, to the experience which made him a socialist. When a boy of twelve years of age he served a shopkeeper whose premises he opened in the early morning. After an hour of wearying labour he attended his master in his home to receive the orders for the day. He went into a breakfast-room, found the family gathered round a well-stored table, while he stood hungry and shivering. That sent a current of bitterness through his blood which never ceased to flow. The boy resented the master's heedlessness of his widowed mother and himself. That is one of the crimes of the capitalist.

The blackest line in this charge is to be found in the capitalist's frequent and ignorant neglect of the out-of-work labourer. When the country is passing through a period of dull trade, or when the manager of some large enterprise finds that his stocks are too heavy, the labourers are discharged. Even when they are of saving habit this discharge brings hardship. When they spend, as they have been doing, almost every penny they earned, they hear the baying of the wolf at their door. Some capitalists are wise enough to give partial employment, and others have been known to keep their furnaces and their factories in operation at a loss. But many employers have no care as to the labourer's home, or the well-being of his family. As a consequence many men and women become a prey to evil habits. They nourish a dark-minded and even venomous ill-will. They feel that, having made their contribution to their employer's well-being, he ought not to be neglectful of theirs. This evil has been so great in time past that the State has been compelled to step in and, with an endeavour after impartial justice, has compelled both capital and labour to contribute a share of relief. The Health Insurance Act and the Unemployment Insurance Act are evidences,



as they are confessions, that a wrong done by the capitalist must be remedied by a preventive law. What an opportunity has been missed ! It would have been a means of sweetening the atmosphere of society, of uplifting humanity, as well as of unspeakable blessing to himself, if the capitalist had been mindful of the well-being of the labourer. He would have fulfilled that counsel of Christ, enshrined in the parable of the vineyard, when He gave the penny not only to those who had justly earned it, but to those who, though willing to work, had given only one hour of the day.

### III

The third crime of the capitalist is not the possession of wealth but *its spending in selfish indulgence*. If wealth were modestly possessed and wisely used, and, above all, if it were spent in the furtherance of moral ends, not only would envy and greed be exorcised from men's hearts, but the man of wealth would become a man of noble character. Few object to a man's prosperity in the things of this life if that be gained through his skill, industry, and foresight. The average honest working man who spends his strength in the use of his tools is aware of the toil and strain, the resource and watchfulness which his employer contri-



butes. He recognises that any man who has a difficult and hazardous occupation—whether that be hazardous to his health of body or peace of mind—is entitled to a higher reward than the man who has a ‘soft job,’ or one which merely strains his muscles. Consequently a competent captain of industry, it is recognised, may earn and possess wealth which a slacker and shirker has not earned, and should not possess.

But if wealth, however gained, is squandered in selfish indulgence, a just condemnation follows. It is here that there is presented the vexing contrast between man and man. The first question always is—Why should one man lie soft and suck the sweets of life, and another man endure hardness? Why should one man waste wealth in display, and in the gratification of appetite, when another man has to practise the most rigid economy? This first question leads on to the second, as to whether any man has a right to spend at the bidding of a selfish wilfulness. Even those who remember that ‘a man’s life consisteth not in the abundance of the things which he possesseth’ are roused to a moral indignation against all self-indulgent spending. But to men who believe that a rich and free and full life is dependent on self-indulgent spending the sight of the capitalist adorning his women folk with costly

attire makes them flame with indignation. The weekly journals, which are little more than pages of fashion plates, the costly entertainments which entail a wasteful and vulgar display, the elaborate country houses with all their attendant luxuries and their somewhat selfish desertion of the masses emphasise the disparities. As a consequence they have no hesitation in counting this self-indulgent spending as the supreme crime of the capitalist. It is not too much to say that if the capitalist would use his possessions for the great causes of life, and would spend his surplus wealth in a wise and measured method, the charge against him would lose its bitterness, and even its point. But looking broadly out upon society no one can deny but that many capitalists sin not only against labour, but against society, and against their own souls.

#### IV

If these be the crimes of capitalists they are the crimes of other men, and especially of labour. When labour adopts the 'ca' canny' policy it is as criminal as capital.<sup>1</sup> This policy has been motived sometimes by the fear of

<sup>1</sup> This Scottish term should be written 'Caw canny.' To caw is to turn a wheel. Canny means slowly, cautiously. The figure of a man wilfully turning a wheel slowly and cautiously is a perfect one for a slacker in labour.

being overdriven—a needless fear to-day. It has been practised for the seemingly generous purpose of making the work go round a larger number of men, or for the less honourable desire of keeping a job going as long as possible. It has been defended as a shrewd method of limiting profits, under the conception that if more goods are produced profits are increased. All these have both an economic and a moral condemnation. If too much time is taken to produce an article its cost is increased. In that event the consumer is exploited, less is bought of the article produced, work becomes scarce, and the labourer not only pays more for his own supply, but lessens the demand for his labour. Abundant production does not increase the capitalist's profits, unless he can be sure of a market. With abundant production the market becomes stocked, but the price falls,<sup>1</sup> while, consequently, demand increases and sales are greater. So that the 'ca' canny' policy impoverishes both the producer and the consumer, and is one of the factors which is

<sup>1</sup> Under-consumption, not over-production, due to soaring prices, or to stagnation of industry through war or famine or speculation, or the caprices of taste and fashion, is the true cause of a glutted market. Who ever knew of an over-supply of the necessities of life and comfort, unless in the case of some such exceptional and accidental circumstance as an enormous catch of herrings or a sudden ripening of perishable fruits? Let a warehouse advertise a thirty per cent. reduction in prices and its counters are thronged, even in hard times.



producing the unemployment of to-day. To use the common proverb, the worker is cutting off his nose to spite his face.

Let us take a few simple instances in proof. The price of clothing and of footwear went up enormously after the war. Consumers wore their garments and their shoes longer, and were content to have articles they would once have discarded renewed and repaired until tailors and bootmakers were going idle. The milk producers endeavoured to increase the price of milk. But thousands of gallons were left to become sour at the railway stations. In the building trade, where only three hundred bricks a day were laid, and where the slacking when men were employed by day labour was a scandal, the cost of housing has risen until the cry of the homeless is pitiable. This is largely due to this brainless policy of 'ca' canny.' But it is even more worthy of a moral condemnation. Men who condemn the capitalist because he works for profit, as they affirm, and not for use, seem unable to understand that the labourer is guilty of the same crime in the most distinctive way. The man who declaims against the capitalist because he charges more than he should, who flushes with anger if a provision dealer, by the skilful use of 'the grocer's thumb,' gives him fifteen



ounces for a pound, or a linen draper, whose yard stick measured only thirty inches, will yet complacently 'ca' canny' and fail to see that he is standing in the dock beside the dishonourable capitalist. The labourer is worthy of his hire, as the capitalist is worthy of his reward. But if the labourer does not give honest value for his hire, his hire is robbery. If the reply be made, as Mr. Cole makes it, that because of the crime of the capitalist, no one 'has the right' to make an appeal to the labourer, the answer to that moral obliquity is that, although one man is a thief, another is not given the right to steal. Labour is committing the same crime as the capitalist. It has done so from the first wicked and slothful servant, and it will do so as long as men are found who will be wicked and slothful.

But, again, to take the second charge, labour is as much intent on its own wealth and as heedless of the well-being of others, and, especially of the employer, as capital. The incessant demand for higher wages without regard to the question as to whether the higher wage can be paid; the insistence of one trade for an increased return for its labour apart from the well-being of other trades; the lightning strike to enforce a demand, which may not only impoverish a capitalist, but starve a whole community, is surely as black

a record of crime as any that the capitalist has ever committed. When it is accompanied by a refusal to submit the claim of a higher wage to an impartial tribunal, there is surely an added wrong to the first selfish offence. Or when labour is guilty of shirking, or of slacking, or of dealing wastefully with the goods or the tools committed to its care, there is again an accusation of wrong to be made. The three charges made against labour by Jesus were disloyalty, wastefulness, and sloth. Even when the labourer thought that he served 'an hard master' Jesus gave him no warrant for retaliating by committing a crime against the master. Here again, if we have high words for the crime of the capitalist, we ought not to allow the labourer to escape as just a condemnation.

In the third accusation the capitalist has also his companion in crime. The labouring man with a margin above his daily wants is as guilty of self-indulgence as the man of means. Those who belong to 'the new poor' have this impressed upon them every day. A walk along a great thoroughfare, where industry spends its gains, creates an increasing amazement. Costly provisions, rich and rare fruits, expensive confections, and the daintiest luxuries from the ends of the earth are freely purchased. The makers of furs and of ex-

travagant footwear find that the prices of their goods are seldom questioned. The costliest of all articles of consumption—alcohol—is freely bought, and lavishly used. One item of expenditure which is spared and grudged is rent, and another, which is taxes, is paid almost with a protest. The sum spent in eating and drinking, in holiday excursions, motor drives, and picture palaces has reached, in cases which are without number, the cost of three days' wages.

The average socialist seems to be unaware of these wasteful and self-indulgent spendings on the part of labour. He continues to make the plea that those who toil with their hands are still deprived of the necessities and comforts of life. One writer declares that 'the family income is far short of the family requirements,' and can add that 'under Capitalism the physical pleasure of a good meal, served under proper conditions, is not possible to the working man.' One wonders where he lives, and whether he keeps his eyes open to the facts of the case. If he is aware of these self-indulgent spendings he seems unable to realise that they are precisely the crime of the capitalist repeated by labour. No man is willing to pass any severe condemnation upon another man's spending so long as he harms no one by it, and will take the consequences of his liberty. It



may be regarded as imprudent, and as showing a want of foresight and of self-control. It would be impossible under the regimen of a socialistic system which would weigh out every commodity in its own scale. But if such imprudent and selfish spending is one of the crimes of the capitalist, it is equally a crime on the part of other men.

# V

The vital question that remains is the prevention of these social, economic and industrial crimes. There are three methods which are suggested, and each has its own advocate. One is the abolition of Capitalism. In this demand many Socialists are thorough-going. They would abolish all forms of private ownership. Others wish to sweep away the large capitalist, with his supporter, the dividend-receiver. Others seem to suggest a certain *datum* line below which the possession of private property would be allowed. Others seem to desire that some industries should be under State control, but others might be left—and especially agriculture—to private ownership and management. The demand for abolition is supported by the plea that it is the system, not the capitalist, who is to blame. One writer declares, ‘They consider that the capitalist is as much the victim of his system as the unemployed, and



that he has to conform to its evil pressure in the same way as the poverty-stricken have to do. The results are not the same, but they are products of the same social mechanism.' This talk of a man being a 'victim' of a system would excuse Caiaphas and Pilate, and pardon every pope and peer who has fostered a gross wrong. It denies moral responsibility, and it affirms that in a sphere of life, where wrongs are abundantly evident, the wrong-doer is not to be blamed. The fountains of self-deceit are deep, and both the capitalist and his neighbour may not see themselves as they are, but no man can be allowed to declare that the employer, when driven by greed or ambition, or stress of competition, who oppresses his employee, can be called a 'victim.' If there be a wrong done by one man to another, through whatever system or agency, the wrong-doer is to be condemned. There is no 'system' which will purge greed and envy and supercilious contempt out of men's hearts. The man who would abolish Capitalism to put Collectivism in its place, whether under the control of the State or of a trade bureaucracy, would find that the pride and cunning of men can devise means, under any system, of attaining their own private advantage, personal pre-eminence and dominating power. These are real grievances, but they cannot be remedied

by the abolition of the capitalist. Yet it is easy to predict that every penny of unjust profit, and every day of selfish rule, shall be either exacted or wasted in a day of reprisal and retaliation. And it can equally be affirmed that any action on the part of labour designed to attain its own material advantage, will issue in its impoverishment and the narrowing and embittering of the lives of working folk.

The second method is the policing of the capitalist. That is the method sanctioned throughout the whole civilised world. Among all the nations of Christendom, there has been a steady progress of the movement towards the control of the capitalist in order to attain the amelioration of the conditions of life among the people, and to secure a larger share of the wealth of the world as their portion. The time and the energy of the parliaments of the nations have been absorbed in framing laws which deal with hours of labour and the sharing of the profits. They have grappled with the more intricate problems of the health, the unemployment, and the old age of the labourer. It is a conviction of the modern mind that the policing of capital is a primary and urgent obligation of government. In the articles of the League of Nations formed at the close of the European War, the thirteenth deals distinctively with the duty and the method of

policing the capitalist. The principles and the ideals to be kept in view have been given a clear statement in the Covenant of the League. It has become part of the common consciousness, so that any act of oppression on the part of an employer, or any excess profit on the goods he supplies, or any disregard of the rights of the community, is visited with severe penalty, while the whole trend of taxation is directed towards the limiting of his gains and his privileges. The average opinion of to-day would go farther, and will doubtless demand the policing of the labourer, as well as of the capitalist. The men who will not allow another man freedom in his work, who will prevent those who endeavour to preserve the mines during the time of strike, who refuse to allow dumb animals to be rescued from destruction, not to speak of other and more deliberate breaches of civilised law, have given proof that the policing both of the capitalist and the labourer must remain an obligation of the State.

With this conclusion every one, except it may be a supporter of Anarchism, will agree. In private life it is never questioned. No one proposes to abolish the magistrate and the policeman. No one refuses to put a lock on his door or a snib on his window. No trader



will dispense with his cash register, and no one proposes to disband the guardians of the city's order and security. Yet every man realises that something more is required than the power of the magistrate and the edict of the law. Those who have looked thoughtfully into all that policing implies are aware that no policing can prevent wrong, unless and until it is the expression of the moral consciousness of the people. As Canon Barnett has said, 'After all it is the spirit which is in the people, and not the law, which is the most important. If, as has been said, every one were Christian, there would be no need of Socialism ; and until every one is Christian, Socialism will be impossible' (*Life*, vol. ii. page 272). Every one will endorse this wise statement, and agree with that other pronouncement of this brave spirit, 'I am a Socialist in so far as I desire for every one equality of opportunity, an equal chance of a healthy life, and of enjoying the best gifts to this age.' The questions of the abolition of the capitalist and of the policing of both capital and labour would have no moment, if only righteousness and mercy had become the ruling passion of both the man who is in authority and the man who is under it. They would walk together in a way of peace.



## VII

### UTOPIAN COMMUNISM

THE demand for the abolition of Capitalism has usually been fashioned into the more positive propagandism of some form of Collectivism. Most frequently that demand has been little more than a protest and denunciation of evident evils without any practical proposals for their remedy. But ever and again some dominating mind has attempted to outline a method or system of Collectivism in which the ideal would be realised. The first of these, both historically and logically, is Utopian Communism.

#### I

The term Communism is used in its strictest meaning, not as an alternative term for Collectivism. Communism may be defined as an ideally constituted society composed of individuals who have consented to live and work together, and to share with each other the produce of their collected capital and common labour—on an agreed basis. It is

the basis which has differentiated one commune from another. That basis has sometimes been religious, as in the instance of the imperfect and short-lived Communism of the early Christian Church. 'The multitude of them that believed were of one heart and of one soul: neither said any of them that ought of the things which he possessed was his own; but they had all things common' (Acts iv. 32). At other times the basis has been civic, as with those communal cities of mediaeval Europe when the traders combined to establish guilds into whose number only citizens were admitted. Sometimes the basis has been political, as in the case of the short-lived Paris commune of 1870. In more modern days the agreed basis has been almost entirely economic, with an occasional blend of other ideals. Utopian Communism was based on the ground of its economic justice.

This conception has fascinated many of the noblest minds and inspired an arresting literature. Plato in the *Republic* and in the *Laws*, outlined the first draft of the Utopian commune. His unit was a small state, such as he saw in a Greek city, and his ideal was the equality of social condition, and, therefore, of education and intercourse among its citizens. His commune was placed under the care of

'guardians' and affirmed a common ownership of possessions and a common distribution of the product. He solved the sexual relationship with a rigorous Pagan logic by including the woman under the possessions of the man. He is the intellectual ancestor of all those Socialists who have risen above a merely economic demand, and writers of the Ruskin school eagerly confess their debt to him.

A long interval of many hundred years passes before another remarkable attempt to visualise a commune was made. That may have been due to the fact that during the predominance of Rome in Church history the religious Orders, with their monasteries and convents which fascinated sympathetic minds, afforded them the opportunity of practising the communistic life. It was, therefore, amidst the storm of the Reformation that Sir Thomas More (1478-1535) wrote his *Utopia*. The word means Nowhere, and reveals the fact that More, with his sturdy good sense, knew that he was building a castle in the air. In *Utopia* all possessions are held in common, and the results of productive labour in which every one must share, are distributed not equally, but equitably. There would be no need of money, and its use is forbidden. Social classes would pass away, and all intercourse be maintained

on one level of status, marked by the fact that all meals would be taken in common. More was not an economist, and never even raised the questions involved in successful production. He was intent on a distribution which would not excite envy or provoke protest. Two features of his ideal life show how widely he differed from the majority of Communists. He maintained the sacredness of the marriage relationship and refused to allow a community of wives, but he left unsolved the problems which arise in connection with the maintenance of the family. A stranger discrepancy is his stipulation of a class of slaves 'to render all the uneasy and sordid services,' that is, the dirty and disagreeable work of the community. Here More confesses that two of the inexorable problems of a social order remain unsolved in Utopia. His lasting fame is due to a wise discontent with the depressed condition of the common folk of his time, a far-seeing conception of the value of education, the necessity of sanitary reforms, and a lessening of the hours of labour for the toiling people of the time.

Plato's *Republic* and More's *Utopia* are the prototypes of a long succession of similar works of imagination. Among these we may mention Campanella's (1568-1639) *City of the Sun*,



Bacon's (1561-1626) *Nova Atlantis*, Harrington's (1611-1677) *Oceana*, Fénelon's *Voyage dans L'Ile des Plaisirs*; in more modern days Morris's (1894-1936) *News from Nowhere*, Bellamy's (1850-1898) *Looking Backward*, and Blatchford's *Merrie England*, published in 1894. These are all interesting as fiction and suggestive as forecasts, but they are out of touch with present-day problems, and make no contribution toward their solution.

## II

Utopian Communism remained a succession of dreams without any attempt to realise it. The two revolutions, industrial and political, at the close of the eighteenth century gave it a new opportunity. The industrial revolution created the crowded populations with their misery of condition, squalor of habitation, and consequent moral degradation, and these aroused the sympathy of all with respect for manhood. The political revolution, with its watchwords—Liberty, Equality, Fraternity—aroused latent forces of compassion and of desire for the well-being of the toiling masses, and quickened both purpose and hope for their amelioration. One result of this altered arena and changed mind was to be seen in the measures of social and political reform

inaugurated in every country of western Europe. In England there were movements, sometimes purely political, sometimes philanthropic, which were aimed at relieving the oppression and depression of the working classes, and the opening of a wider opportunity to the workers and their children. The Chartist movement and Christian Socialism were two symptoms of the quickened conscience and the new desire for the uplifting of the depressed classes and the amelioration of their industrial condition. But the most distinct outcome was the demand for a new social order, and that demand was expressed in Utopian Communism. The names of those associated in these experiments are many, but three stand out as representatives of different phases of its ideal. These three are St. Simon, born in Paris in 1760; François Charles Fourier, born in Besançon in 1772; Robert Owen, born at Newtown, Montgomeryshire, North Wales, in 1771.

St. Simon advocated a Communism which was timid and indiscriminating. He was not a systematic thinker, and he had not daring enough to outline a definite and thorough-going system. He was concerned chiefly with the betterment of the poor. His aim, expressed in a statement which became the watchword

of his followers, is clear. 'The whole of society ought to strive towards the amelioration of the moral and physical existence of the poorest class. Society ought to organise itself in the way best adapted for attaining this end.' He demanded the 'reorganisation of society in the interests of the depressed classes by the power of the State.' He was not much moved by the sense of disparity between the rich and the poor, for he was concerned not to despoil the rich but to enrich the poor. He took no part in any conflict between capital and labour. He was a deeply religious man, and was moved to protest against the entrenched, exclusive, and heedless Christianity of his time. His disciples, moved and inspired by his appeal for social service and the betterment of the poor, established a society in Paris to express and realise his aim. This society had a common purse, lived in brotherly social intercourse, and, as they were all cultivated and intellectual people, took up a Fabian attitude toward the social problems of the day. It had a brief and troubled existence, for it never faced the practical conditions of life in a world of stern realities. It was finally broken up by two dissensions. St. Simon taught a doctrine of subordination to authority derived from his inherited Roman Catholicism. But



the new wine of his teaching had made men heady and assertive, and they refused to yield such submission. The second dissension was created by his insistence on a strict view of the relationship to the sexes. St. Simon continued to hold the high doctrine of the Church of Rome in regard to marriage and chastity. His more loyal disciples adhered, but those dissented to whom the commune was more than the family. Historically the Utopian Communism of St. Simon is merely an interesting but hopeless experiment.

Fourier was a communist with more definite ideals. He advocated the formation of what he named a phalange, composed of about four hundred families, with the aim of an establishment of two thousand souls. This establishment was called the phalanstère. The staple industry was agriculture, and each phalange had a portion of land allotted to its members for cultivation. Every worker could choose his own employment and might pass on from one task to another by giving due notice. He solved the troublesome problem of the doing of the dirty work of the community by declaring that some had a natural affinity, indeed a fondness, for 'cleaning up,' and they would willingly discharge the functions of the scavenger! He did not believe



in a dead level of possessions, for he posited, as some more modern Socialists do, a minimum of subsistence to every member, with a further distribution to men with capital and with gifts, who would be willing to labour. He attempted to solve the problem of sex and the family by abolishing marriage, and relying entirely on the free exercise of sexual passion to lead finally to a state of harmonious relationship between woman and man.

Only two phalanstères were established in France, and only one of them during Fourier's lifetime. Both were short-lived, and when they broke up their promoters reclaimed from any further advocacy of Utopian Communism. But Fourierism caught the imagination of many in the United States of America, and several attempts were made, with important modifications, to establish settlements based on Fourier's system. The abundance of cheap land, the adventurous spirit of men in the new community, and the practical genius of the people favoured such experiments and over forty establishments were founded. Of these only two are interesting.

The settlement at Brook Farm was organised in 1841. Its aim was to gather into one community a number of educated and intellectual men and women who held transcendental views

of human nature and romantic ideals of human life. A tract of land was taken in West Roxbury, Massachusetts. The statement of its object reveals its fine idealism. 'To ensure a more natural union between intellectual and manual labour than now exists; to combine the thinker and worker, as far as possible in the same individual; to guarantee the highest mental freedom, and to do away with the necessity of menial services; and to prepare a society of liberal, intelligent and cultivated persons whose relationship to each other would permit of a more simple and wholesome life than can be led amid the pressure of our competitive institutions.' The Brook Farm Settlement is famed for the number of outstanding literary men who joined it. While it may be open to the charge of a certain exclusiveness and, therefore, of affording no fair test of Communism, yet, if ever a community was given *materiel* in the character of those who composed it which would secure its success, that was found at Brook Farm. It proved utterly unworkable. As Emerson is reported to have said, in a sentence which some modern writers should remember, 'He who will write, must not dig.' The settlement passed into a completely Fourieristic industrial phalange. But after a further six years' experiment, the

proof from absolute failure was clear that Utopian Communism is merely Utopian.

The other settlement on the Fourier system, which has had a history, was formed at Oneida Creek, New York State, in 1847. It was founded on a religious basis and composed of a select company of devout people with a high regard for the useful commandments. Its leaders, John Humphreys Noyes, and afterwards Jonathan Burt, were influenced by the Communism referred to in the Book of the Acts, and proclaimed themselves 'Bible Communists.' The settlement at first was agricultural, but agriculture requires more liberty and more personal industry than any rigid method can afford. Eventually the community began to manufacture, and by the industry, frugality and foresight of its members, it prospered and grew in numbers. The members lapsed into some tenets, especially in regard to the inescapable sex question, which shocked the consciences of their neighbours. But their success as a productive community tempted them and proved their undoing. They became a close corporation, admitting no outsiders, and finally deserted Communism, and formed themselves into a joint stock company with a capital of £120,000. This new company has continued to prosper,

and its manufactures are known over the whole of the United States, but its business is carried on entirely on a capitalistic basis. The clear conclusion is that not only will such Utopian Communism as Fourier attempted fail to solve the problems of labour, but it cannot continue to exist.

### III

Robert Owen is the most notable of the three. He began work at the age of nine, became the manager of a cotton mill in his twentieth year, and a partner of an important spinning firm when he was twenty-four years of age. He joined his father-in-law, David Dale, in the ownership and management of the mills at New Lanark on the Upper Clyde. The social condition of the operatives and of their children moved him to compassion and roused his practical mind to action. He founded infant schools, opened a store for the supply of honest goods at a reasonable price, improved the comfort of the homes of the people, and inculcated habits of order, cleanliness, and thrift. But he was not content with this measure of improvement, and from being a philanthropist and reformer he became a communist. In his first book, *A New View of Society, or Essays on the Principle of the*



*Formation of the Human Character*, he sounded the keynote of his after-teaching and effort. He held that a man's character is made, not by him, but for him. It has been formed by circumstances over which he has no control; he is not a proper subject either of praise or blame. This led him to the conclusion that the secret of the right formation of a man's character is to place him under the proper industrial, social, and moral influences from his earliest years. His method rests on the conception that the problem of a new social order is largely, if not entirely, a problem of environment. He does not go so far as to declare that the environment is all in all, but only that it is the ruling factor in the formation of character, and that a fitting environment can be given only under Communism.

The practical measures which he adopted are marked by definiteness, simplicity, and a certain rigour. In sympathy with Fourier he formed communities of about twelve hundred persons, to be settled upon an area of land of about one thousand acres. The community would live in a large building in the form of a square, with a public kitchen and a common eating room. Each family would have its own private apartments, with the care of the

children until the age of three. Then they would be taken from their parents and trained and educated by the community. As time went on he also began to entertain lax views on the question of marriage. 'Owen's denunciation of marriage is inspired by his perception that the social structure of the old immoral world was based on the family, and that the breaking up of the family system was an essential preliminary to the institution of the new moral order.'<sup>1</sup> As a man of a somewhat fanatic temperament he lessened his influence and hindered the acceptance of his views by a fierce and aggressive hostility to the accepted religious ideal of his day. Yet in this he was also inspired by a clear perception that religious idealism was hostile to that methodised secularism on which he based his commune.

In 1825 he succeeded in visualising his ideas by establishing a commune at Orbiston, near Glasgow, under the able leadership of Abraham Combe, an ardent disciple. In the same year he founded a second commune, at the beginning under his own oversight, at New Harmony, in the State of Indiana. Both of these communes, as the projects of a man with a superb genius for organisation, had a measure of

<sup>1</sup> Cf. Podmore, *Life of Robert Owen*, vol. i. p. 138.

success at the beginning. In the end they were disastrous and heart-breaking failures. There is no more pathetic reading than the story of his strenuous and embittered life. His *Autobiography* is the record of a man with a strong, clear, courageous mind, an intense and definite character and an unfaltering will, with the fantastic and autocratic disposition which accompanies such a personality, who failed in all he attempted when he passed from the method of Capitalism to that of Collectivism. Towards the close of his life he abandoned his confident secularism, became a spiritualist absorbed in table rappings, and busied himself in the issue of sympathetic journals. He died a poverty-stricken and disillusioned man.

## IV

The record of Owen's Communism is interesting in itself. But its real importance is its witness to the causes of the failure of Socialism. His own words include the best exposition of the fallacies involved in his ideal. In an address at New Harmony, in 1887, he discloses the situation. 'I tried a new course, for which I was inclined to hope, that fifty years of political liberty had prepared the American people to govern themselves ad-

vantageously. I supplied land, houses, and the use of much capital. The experience proved that the attempt was premature to invite a number of strangers, not previously educated for the purpose, who should carry on extensive operations for their common interests, and live together as a common family. I afterwards tried, before my last departure hence, what could be done by those associated through their own choice and in small numbers. To these I gave leases of large tracts of good land for ten thousand years at a nominal rent, and on moral conditions only. Now, upon my return, I find that the influences of the individual system are so powerful that these leases have been, with few exceptions, applied to individual purposes and individual gain, and, in consequence, they must return once more into my hands.' Owen attempted to re-order the community so as to permit of 'separate families,' and to allow a place to individual action. That compromise also failed, and the so-called New Harmony ended in disaster and strife.

We need not expect Owen to confess the failure of his scheme too explicitly. The exacter truth is put succinctly in a letter from his grand-daughter in the London *Daily Telegraph* of 8th October 1908 :—



‘ My grandfather had an income of £40,000 a year, and he spent the whole of his fortune on his experiments, dying without a pound in his pocket. Thus the colony was entirely free from debt, and money could be provided. He was a noted administrator, and the spot was exceedingly well chosen, for the village had been well laid out and planted by the former German owners. The surrounding lands were well watered and exceptionally fertile. There was water power and an exit, viz., the Wabash, Ohio, and Mississippi Rivers. Nevertheless an experiment begun under these favourable auspices failed in three short years. When he shared his fortune equally with his neighbours, both he and many of his neighbours came to grief, because only the noblest among them were willing to work efficiently, when the pressure of daily need was removed.— Yours sincerely,

A GRAND-DAUGHTER OF ROBERT OWEN.’

The broad lesson from these failures had been taught so securely that many supposed that never again would any one attempt to found a Utopian commune. Yet, in 1893, William Lane, of English birth, American education, who had become a journalist in Australia, propounded a scheme for founding a commune

in a new country. The Labour Party of Australia was discredited because of the enormous losses it had inflicted upon the people. The socialists in their number had hotly denounced what they called 'wage-slavery' and demanded emancipation. Lane's commune seemed to promise a fulfilment of their hopes. Money was subscribed, a favourable location was found in Paraguay, and the Government of that state gave a cordial welcome to the settlers and assigned them six hundred square miles of magnificent land. To give room and scope for the experiment the Government bought out the squatters who had prepared some portions of this vast estate. The men and women who embarked upon the enterprise were considered, both by their character and their mode of life, singularly adaptable, and the movement began with every hope of success. Yet troubles emerged very shortly after the company set sail. The question of discipline aroused a constant rebellion, for they had not learned that in any organisation some must give orders and some must obey. When they were settled some of the members demanded the right to visit neighbouring villages for drink. They were expelled as having broken the laws of the community. But the still greater diffi-

culty of fulfilling the rule of this 'New Australia'—'One for all, and all for one'—proved the final undoing. In actual fact each man was determined to do no more than his fair share of work for the common cause, and as it was found that a few hours' work would not procure abundance for all, many refused to undergo the strain of a full day's toil. Failure dogged the actions of William Lane, although a whole-hearted and generous enthusiast, from the beginning. Some fresh recruits from Australia enabled a second colony on a renewed grant of land to be established. Here again disaster swiftly overtook the settlement, and these Utopian communists were taught that even with a gift of land, an ideal climate, and a patronising Government, if men will not work steadily, with some self-denial, and under an oversight which must be obeyed, economic impoverishment and moral disaster are the inevitable issues.<sup>1</sup>

## V

Utopian Communism has an historic interest, but its chief value is its testimony to the reasons of failure. These reasons apply to every method of Communism. First among

<sup>1</sup> Cf. *Where Socialism Failed*, by Stewart Grahame.

them is the fact that it failed to solve the problem of sufficient production. The Utopian Communists had fixed their mind on a fairer distribution. They were moved by a sympathy for those who suffered from the inequality in the social conditions of men. They acted in the belief that if equality in distribution could be attained, production in ample and willing abundance would be the inevitable result. They seemed never to realise the two truths that equality in distribution is seldom equity of distribution, and that the incentive which the average man requires to induce him to toil steadily and with a compelling interest, is a personal reward. To this source of failure all the sentimental socialists may attribute the disasters which have overtaken their experiments. To this day the proposal to give all an equal dividend, whether it is earned or not, the refusal to compel men who are lazy and selfish to work, the insistence that the man of energy and the man of sloth shall receive the same regard in the community, leave both the problem of distribution and of production unsolved. Greed, envy, hate, find a larger opportunity in Utopian Communism than under Capitalism. Let one man believe that another has been given a better portion of land, or a more agreeable



occupation, or a larger share of the comfort of life, and he will sulk, become discontented, and rebel. These moral blemishes brought both Owen's and Lane's well-meant schemes to disaster, and they operate through the whole round of socialistic endeavour.

A second reason for the failure of Utopian Communism has been its attitude toward the home and the family. This may seem not to be an inherent part of a collectivist social order. But as we have seen, and as most thorough-going collectivists realise, the family remains the permanent impediment to the realisation of a commune, whether it be of a few individuals, or of the State. Collectivism demands that the unit must be the individual. The family, which is really the only possible commune, maintains that the true unity is that of the man and the woman and the child, and the only possible phalanstère is the home. The family is not based merely on instincts, although were that so, such instincts cannot be ignored. The family is based upon dominating and sacred passions, and its obligations as sanctioned by conscience. Every form of Communism which is built upon the individual as the unit, will find the family asserting rights and duties which will break up any attempt to disregard them. No

economic or industrial scheme will be stable, or will endure, unless it can find a place for the family, can maintain and protect the chastity of man and woman, and can enable the man and the woman to set up a home in which their independence of their neighbours can be realised, and the atmosphere of tender affection can be generated.

The most instant and imminent of the failure of Utopian Communism is in its artificiality. It does not recognise the facts of life. It fails to understand the conditions of production and distribution. The autocrats, who have been its leaders, have never discerned either the moral or the practical necessities of the human spirit. They have been bemused by the idea that they could construct a framework into which they could pack and squeeze all human activities. The Marxian socialists, and especially Engels, pour scorn on 'Utopism.' August Bebel in his *Charles Fourier*, sets it more simply and decisively. 'The great progress of our race is that the Utopians have died, or are dying out. Among the masses they find no foothold. Even the simplest workman feels that nothing can be set up artificially, that what is to be must develop, and must develop with and through the whole, not separated and isolated from it.' There

is the fatal flaw in all the schemes which attempt, either by some closely jointed framework or by some method of violence, to set up a system of Collectivism, and to impose it on the free spirit of the human personality.

## VIII

### THE CO-OPERATIVE MOVEMENT

WHEN Utopian Communism died silence fell on all around its grave. Its advocates realised that however fair might be their dream the method was impracticable. They perceived that in the industrial order there is a greater need of intelligence, capacity, and character than of capital. They were taught that no Communism can cope with the manufacturing and agricultural industries with success. The word Communism fell into bad odour, and that odour clings to it still. Yet the dream did not entirely fade away and eager spirits began to think out a new method of realising it. That endeavour took final shape in the co-operative movement.

From one aspect co-operation may be described as a limited and controlled Capitalism. From another it is held to be a wiser application of the principles of Collectivism. It may be more accurately thought of as a hybrid, but if its dominant ideals be considered it must be finally classed as an imperfect Collectivism.



The founders of the co-operative movement cherished the aims of the early communists, but refused to follow the path of their practice. They reclaimed against the imposition of any moral or psychological test on those seeking membership. They refused any mode which would make them an isolated sect in the community. They based themselves entirely on an economic basis, and with a true instinct they chose a name to express their agreement 'to work together' for their own economic advantage. They organised societies to distribute the chief necessities of life, employing their own capital and labour, and sharing the resultant gain. Distribution of the profit was made not on a basis of equality, but on the proportion of each member's contribution. They did not desire to expropriate the wealth of the capitalist, but they set themselves to do without him.

## I

The history of the co-operative movement is the best exposition of its aims and methods. The dynamic in the minds of its founders was the moral passion of giving the workman a freer and fuller life by affording him a larger share in the results of the co-operation of labour and capital. Their conceptions owed

their force chiefly to Robert Owen. He proclaimed to his generation what men should never be allowed to forget, that a stable industrial order can be attained only by a man looking not only on his things but on the things of others. The real legacy of Robert Owen was this passion for social well-being, and the name socialist is honoured by being first borne by this Greatheart among men. His ameliorative measures among his work-people had aroused the interest of all classes. New Lanark became a place of pilgrimage to all social reformers. They marked its order, cleanliness and moral elevation. They did not know how severe and at times how detailed was the regimen under which that model community lived. They did not realise, as Owen himself did not fully perceive, that the social well-being of the two thousand men and women gathered round the mill at New Lanark was due to the authority and rule of a wise, strong-willed, benevolent autocrat, and not to a new industrial order. The failure of his developed methods as a communist shook men's faith, but his postulates had made a deep impression. When he maintained that character is dependent most largely on environment he took up a position which history and psychology refute. But when he taught that

a healthful and gracious life was ultimately dependent on character he proclaimed a truth which suffers constant neglect. The founders of the co-operative movement caught the contagion of his moral ideal and limited themselves to what seemed of first necessity and of immediate practicability in his aims.

The movement began with the founding of small societies which bought household provisions wholesale to retail them at the lowest possible price. They made a feeble attempt at production by encouraging their members to supply them with such articles as an artisan could make in his leisure hours. They called their little establishments 'Union Shops,' and of these over four hundred were opened between 1828 and 1834. This movement failed, sometimes because of mismanagement, sometimes because the enthusiasm of the members died out, and sometimes because the 'shop' became a private business concern as its capital accumulated. As a consequence the eager spirits in the movement set themselves to reorganise their societies. They saw the need of 'a better method.' This better method was adopted in England first at Rochdale, and its success has been the shining example followed by co-operative societies everywhere.

The features of this better method are easily



recognisable. The first is the law of the small beginning. The Rochdale Equitable Pioneers was founded in 1844. Twenty-eight poor men gathered a capital of £28 in small subscriptions, and opened a little shop in Toad Lane, Rochdale. They described their aim as that of 'founding a self-supporting community.' They succeeded in the one practical point of setting up an efficient society for the distribution of the common necessities of life. In the same way a handful of poor weavers established a baking business at Ghent, in Belgium. They began in a cellar with eighty-five francs of subscribed capital, and an equipment of an old kneading-trough, an old shovel, an old oven, and a big basket to carry the loaves. The notably successful agricultural co-operative movement of Denmark also began in a humble way, and has gradually developed into a well-organised society whose products are exported to every neighbouring country. As interesting and confirming has been the Schultze-Delitzsch co-operative banks in Germany. They were opened with a small share-capital, subscribed by fifty persons, and they have extended from town to town and play an important part in the life of the people. In this regard co-operation has followed that law, which shrewd capitalists sometimes neglect,



that a great enterprise must have small beginnings. This feature carries a most important corollary that any attempt to transfer extensive and complex industries by any swift or violent movement, from one method of organisation to another, is certain to fail.

A second feature of the co-operative movement was the public spirit and unselfish service of the early founders. In this we can realise the true power of an ideal. An ideal has a tremendous dynamic in creating an enthusiasm at the beginning of any enterprise. Its power is increased if there is a battle to fight or some single and definite purpose to serve, or if scorn and persecution be the portion of those who cherish it. Men and women have endured suffering, faced the misery of limiting conditions, accepted disagreeable and even dirty work in founding a movement or in carrying on a struggle for liberty or maintaining a cause which promised newness of life. But this ideal is not a sufficient source of energy when the object has been gained or the quieter pace of an unhindered progress must be kept or the battle goes against those who fight. As Plato divined, an ideal must not only persist, but must become enriched in beauty and enlarged in scope. If the co-operative movement will recover the ardour and the chivalry

of its origin, it must enlarge and renew its ideal. Did its ideal embrace a further point of vision and appeal to a still nobler self-denial, it might add another chapter to its history.

A third feature has been the sound common sense and economic wisdom which thought out the method adopted in Rochdale, and has developed the enterprise. The goods were not only sound, but of high quality. The stores were well equipped and scrupulously clean. The service was prompt and courteous. The whole business was based on payment of cash over the counter. The goods, except in the case of heavier articles, were not delivered to the customers and the cost of transport was saved. The provisions of a co-operative store are not cheaper than, they are seldom so cheap as, those supplied by the private trader, but the quarterly dividend to the shareholders has seldom failed, and that is the confirming economic result of the commercial method adopted.

The history of the movement records the enormous growth in the membership and the increase in the capital of the society and the wealth of the shareholders. It has been declared that one-third of the retail provision trade in Great Britain is in the hands of co-operative societies. In some districts the

majority of the better paid artisans are customers at the stores. Only the very poor and the well-to-do are outside their membership. Still more striking is the fact that their assets and reserves are now counted by millions, so that recent legislation has endeavoured to include the income from these millions as entitled to bear share of taxation. Still more remarkable has been the organisation of the Wholesale Co-operative Societies, so often housed in fine buildings, buying in every market in the world and managed by directors with an ability such as would make any business successful. The turnover of these societies is approaching £18,000,000 a year. There is room for regret that the co-operative movement tends to crush out the small trader. The small trader, with his personal attention, independent position and all the incentives which make for initiative and resource, is an asset to the social and political life of the country. Yet no one can deny the gain, both moral and economic, from the successful working of a co-operative movement.

## II

This interesting record has more than fulfilled the expectation of the early co-operators, but it has not realised their most ardent hopes.



Broadly speaking, co-operation has succeeded only in distribution. It has failed in production. The real reason of its failure is that in distribution it is capitalist in its constitution, but in production it becomes collectivist, and Collectivism always spells economic failure in production.

As a consequence of the attempt on the part of co-operative societies to enter the field of production a division has been created. There are now two kinds of co-operation, and they do not dwell in complete amity. The first is distributive, or consumers' co-operation exhibited in the large and wealthy stores. The second is productive or industrial co-operation exhibited in the factories and workshops. Distributive co-operation follows the Rochdale method in exact detail. Membership is gained on payment of an entrance fee. The shares are valued at £1 each, which may be paid on joining the society, or out of subsequent dividends. A record of each member's purchases is kept by issuing counters to the amount of every purchase. At the end of every quarter, after paying a limited interest on each member's capital, the surplus is paid back to the purchaser as a dividend on the whole amount purchased. In some societies non-members receive a small share of the



surplus. In others they receive nothing, so that every purchaser who is not a member contributes to the dividend of the society. In virtue of the dividend the co-operative society encourages thrift, and is practically a branch Savings Bank. The housewife saves almost unconsciously, and the dividend comes in opportunely to meet the demand for the rent.

But productive or industrial co-operation cannot adopt this method, and in consequence has had a most chequered history. Some societies have failed; others have succeeded; few have grown large. The number of societies which are only productive is singularly few. That has not been for want of capital, for in most cases both the capital and the credit of a wealthy co-operative store has been behind the productive society. The true reasons of failure have been the less eager resource and power of initiative and the inability to take risks and make ventures, as compared with Capitalism, with the consequent result of a higher cost in production. But a further reason lies in the labour questions which trouble the movement. Friction between the management and the worker occur here as in all production. The tasks which the oversight of a great factory brings with it, where day by day decisions have to be

made, plans formed, and orders given, always give an opportunity for difference and discontent. The manager is in a sense the employee of those whom he manages when they are shareholders, and he is liable to be called to account at the meetings of the society by any worker who cherishes a grudge against him. He is dependent for his position upon the favour and even temper of the employees, and he is open to temptations, which need not be named, such as do not assail an independent employer. As a consequence productive co-operation has not solved this problem of industry. It has not been able to place its goods on the general market. Its only entirely successful factories and workshops are 'tied' establishments, which supply the Wholesale Co-operative Societies to which they usually belong.

This dualism has been exposed by a keen division of opinion, and cause of debate in recent co-operation. As a rule distributive co-operation pays a dividend only to the shareholder as a purchaser at the store. Productive co-operation has made the demand that the workers shall share in the control, the responsibility, and especially the profits of the society. It argues that in true co-operation labour should have the interest of receiving

a share of the dividend. The reply is made that the profit comes from the purchases of the consumer and is largely due to the higher price which he pays for the sake of the dividend, and it is further affirmed that the producer has received his due share of the profit in his wage, and that wage is adequate. The productive co-operator replies that the favour of the producer is essential, and that if he is divorced from the control of the management he is as much at the mercy of the shareholders as the ordinary workman is at the mercy of the capitalist. He sums up his argument by declaring that if he is not given a share of the product he is deprived of a necessary and potent incentive. He falls back on one of the clear arguments from capitalistic resource and endeavour. So that it appears that while distributive co-operation has succeeded when it has confined itself to certain broad lines of domestic supply, it has failed in industrial production both to produce a large and varied quantity of goods, and to produce them at an economic cost.

### III

The question that emerges is—How far can the Co-operative Movement be regarded as an avenue of progress to a settlement of



the industrial problem and thereby bring in peace? Is there any possible adaptation of its method which can include the whole difficult round of the industrial order? The answer must be left to history, but the outlook does not lend itself to an affirmative reply.

To begin with, co-operation is capitalist in its inner being, and the inner being always determines a movement in the end. A co-operative society is in reality a joint stock company with an unlimited number of small shareholders. The large number of its members are attracted, not by any theory of the State or of production, and not by any desire to abolish the capitalist, but rather to share his gain. They are drawn by 'the lure of the dividend.' Were the dividend to fall to a few pence, or to fail in any year, the directors know that they would meet trouble. The customers would desert the stores and return to the small trader where their wants would be personally recognised. There is nothing blame-worthy in this attraction of a fair and honest dividend, and so long as it remains essential to the method co-operation must be included under Capitalism. That inclusion, as we shall see, is a fact of supreme importance, and the method of the dividend may have much light



to throw on the terms of peace between capital and labour.

It must be further pointed out that the co-operative movement has succeeded only as a part of a capitalistic industrial order and by the help of wage-earners. If there were no great ship-building yards, no engineering shops, no spinning and weaving mills, and no transport companies paying wages to thousands of employees, and giving them freedom to buy where they please, co-operation would never have come into being. There seems no possible path for a co-operative society from its place in a wage-earning community to one in which the people would no longer have wages to spend. If every industry were to be controlled by a public authority, and financed by the State, both freedom of purchase and freedom of demand would be extinguished. The only two possible issues, it would appear, from the abolition of the present industrial order are either that co-operation will be flung to the scrap-heap along with every other form of dividend-paying Capitalism, or be taken over as a going concern by the State with the immediate result of abolishing the small shareholder and his dividend. Which of these issues is the more acceptable may be left to the judgment of the co-operator.

One third critical remark is that co-operation has succeeded, even in distribution, only in 'the small and handy trades,' and only in the larger centres of population. The making of boots and shoes, the baking of bread, the manufacture of gas, the carrying on of the enterprises of printing and similar trades, have afforded a field for productive co-operation in connection with distribution. But all the greater industries, such as the manufacture of cloth and the weaving of wool and cotton, the building of ships and of costly machinery, the shipping and export undertakings of the country, have been beyond its power. It has entered only the domestic sphere. There are great adventures to be undertaken only by large capitalistic firms who leave the directors an ample liberty, or by municipalities or by the State, both of whom can take the money of the people exacted by taxation to finance their undertakings and even to pay their losses. It seems clear that the co-operative movement of itself is not in the line of progress toward a solution of industrial unrest.

#### IV

But the question remains, and recent events have made it critical—Can co-operation be so

adjusted as to march in the ranks of the whole-hearted collectivists ?

There is a three-fold answer to this question. There are some who maintain that co-operation is carrying out a function of education so that its members will yet become pure and simple collectivists. These believe the day will come when the co-operative movement will lead its members to surrender their capital to the State, turn their back on dividend-earning, and refuse to remain partners in an isolated shareholding company. There may be some who are collectivists first and co-operators afterwards, but the present evidence rather tends to prove that any assault on the dividend and on the freedom enjoyed by the co-operative shareholder would discover his antipathy to Collectivism.

A second answer is that co-operators are being animated by the communistic spirit, and that its members are being inspired by a sense of solidarity with the manual workers, to which they belong, and that the movement can be transformed into a battalion in the army attacking the present industrial order. But such an adjustment involves not only economic but social and political opinions. It would alienate many who cherish a personal liberty. It would lose the sympathy of the



vast majority of the members of the Christian Church. It would assail the existence of those almost numberless smaller societies, chiefly composed of working folk, which have been formed to promote their social and domestic well-being. Take a proof of this from the President's address at a recent annual meeting of the Independent Order of Oddfellows held at Coventry on October 1920. 'The day which sees voluntary service die,' he declared, 'spells ruin to our societies. I am convinced, however, that there is no fear of this happening, and there are signs that an increasing interest is being taken in the development of our work. We are far more than mere insurance societies. The spirit of brotherhood and love that binds us together is a valuable asset in the day when we are faced with industrial strife.' The speaker represented a membership of nearly seven millions organised into seventy-three societies, and this protest may remind our time of the large numbers of greatly silent, yet well-balanced and firmly-resolved men and women who are opposed both from their principles and their sympathy to any movement which would abolish those voluntary societies to which co-operation belongs.

A third answer is that the co-operative societies might form an alliance with Trades



Unions to their mutual benefit. The Trades Unions would encourage their members to join the societies, and they would invest their funds as part of their working capital. The societies on their part would supply the wants of a larger portion of the community, and that would be an invaluable source of strength in the event of a general strike. But apart from the economic hindrances, such as the locking up of strike funds in the capital of the co-operative stores, and the equally absurd idea of the stores supplying provisions, largely on credit, during a strike, the moral difficulties render this course almost an impossibility. Managing directors do not consent to put halters round their own necks. Successful men seldom commit suicide. The last thing a shareholder will do is to imperil his dividend. But to join the ranks of the political collectivists the co-operator must be inspired with a resolve to sacrifice what he has hitherto valued, to give up his dividend, surrender his little capital, and transform his society into a propagandist agency. The average co-operator may be willing to see the individual wealthy capitalist abolished, and he may have no room for the small trader in his scheme of things, but he is not willing to abolish himself. The conclusion rather is that the method of distri-

bution adopted by co-operation, in which every man shares in the profit by a proportionate dividend, will receive more attention and be given a due place in an industrial order wherein peace shall prevail. But that is not collectivism.

## IX

### MARXIAN SOCIALISM

UTOPIAN Socialism was condemned by the judgment of history. But its fermenting yeast found expression in Chartism and in Christian Socialism in England, and leavened the minds of such thinkers as Proudhon and Louis Blanc in France. It aroused the energies and quickened the imaginations of a band of speculative young radicals in Germany who engaged in critical assaults on the State and its functions. From this group, with some indebtedness to the socialistic thinkers both of England and France, there came Heinrich Karl Marx, who laid the basis and outlined the methods of modern Socialism.

#### I

Marx was born in Treves, in Rhenish Prussia, in 1818. His father, a Jewish lawyer, was baptized into the Christian Church in 1824, a step often taken to escape the disabilities of Hebrew birth. After his course at the Grammar School at Treves, he passed in 1835 to

the University of Bonn, and then to Berlin, taking in 1841 the degree of Doctor of Philosophy. His Radical opinions shut the door on his ambition to become a lecturer and then a professor, and he entered the ranks of the journalists. In the advocacy of his opinions he found himself engaged in a never-ceasing struggle with the censors of the press. Compelled to leave Germany in 1844 he fled to Paris, where he made the acquaintance of Proudhon and of Heine. The French government had no more toleration for him than the Prussian, and he was compelled to find a refuge in Brussels. There he was joined by Friedrich Engels, the son of a wealthy cotton spinner, and a member of a firm with a factory in Manchester. Engels became his disciple and married his daughter. He brought Marx into contact with English Socialism, and that led to his settlement in London. There he lived many years, sometimes in great financial straits. His undaunted and self-denying life might have led him to question his theory of the supreme power of economic conditions. His courage and loyalty to conviction are a signal proof that material circumstances are not so determining in the social order as he proclaimed them to be.

His first publication, written in collaboration



with Engels, was a scathing criticism of the speculative Radicalism of his former friends, with the ironic title of *The Holy Family*. His second work, *The Misery of Philosophy*, was a rejoinder to Proudhon's *Philosophy of Misery*. It was his habit to declaim against his former associates with savage and contemptuous epithets. When he fled to Brussels he joined a communistic society of German working men which had fostered conspiracy, but had now become educational and propagandist. It had been renamed the League of the Communists. For this League he wrote in 1848, along with Engels, the Communist Manifesto. Not until 1867 was there published in Hamburg the first volume of his great work—*Capital*. This was an economic exposition supported by a labyrinth of statistics chiefly drawn from English sources. His design was to publish four volumes, but he died in 1886, leaving behind him a large number of manuscripts. Selections from these, edited by Engels, were published in a second, and then in a third volume at a date so late as 1895. Marx's *Capital* has been called the Bible of Socialism. It ought rather to be called the Talmud, for it is as difficult to read and often as tedious and contradictory as that famous Hebrew comment and exposition of the Old Testament

literature. The real scripture of Marxian Socialism is the Communist Manifesto. It is the New Testament, or at least the Sermon on the Mount, of this great apostle. To read it along with the vehement pages which close the first volume of *Capital* is to find both the aims and the methods of Marxian Socialism set in clear light.

## II

Looking back at the emergence of Marx, we can realise the debt which modern Socialism owes to him. He discerned that the Socialism of an isolated, self-centred community held no solution for the problems of industry. He saw that the Co-operative Movement could not solve the problem of production. 'We recommend workmen,' he wrote, 'to embark on co-operative production rather than on co-operative stores. The latter touch only the surface of the economic question of to-day, the first strikes at its foundation.' He insisted, therefore, on a more comprehensive view of the action of industrial and economic forces. He set himself to construct a deeper philosophy of the social order. He conducted an investigation to explain the relationships of capital and labour as these were expressed in the social conditions. His thesis was that the present

social and political order was based upon and developed by the economic necessities of life. His object was not to supply a programme to Socialism, or to outline a method, so much as to lay down a basis of principles on which the demand for a change in the constitution of society could be founded. He took the theory of Socialism out of the arena of a narrow, limited, and merely local expression, and gave it a commanding place in the economic and political thought of the civilised world.

The mind of Marx can be disclosed almost completely in two short paragraphs from the Communist Manifesto. That condensed and passionate appeal opens in this way—‘The history of all hitherto existing society is the history of class struggles. Freeman and slave, patrician and plebeian, baron and serf, guildsman and journeyman, in one word, oppressor and oppressed, standing constantly in opposition to each other, carried on an uninterrupted warfare, now open, now concealed; a warfare which always ended either in a revolutionary transformation of the whole of society, or in the common ruin of contending classes. . . . Modern bourgeois society, springing from the wreck of the feudal system, has not abolished class antagonism. All society is more and more splitting up into two opposite camps—



into two great hostile classes—the bourgeoisie and the proletariat.’ These last two terms he borrowed, shrewdly appreciating the French gift of appellation, from Louis Blanc.

The Manifesto proceeds to denounce the system of Capitalism, and to set forth, in a succession of paragraphs, its outgrowth of evils, and to call for its abolition. Many of these short paragraphs are unbalanced in their thinking and turgid in their language. Some of the accusations are ridiculous, and are not repeated even by his most convinced supporters. Marx’s habit of bitter and unmeasured diatribe injures his own case here as elsewhere. But the Manifesto concludes with an appeal which has been more potent than its argument. No other piece of writing has been more effectual in arousing the passions of greed and hate. As it is repeated to audiences it goes to some men’s heads like strong wine. ‘The Communists disdain to conceal their views and their aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing conditions. Let the ruling classes tremble at a Communist revolution. The proletarians have nothing to lose but their chains. They have a world to win. Proletarians of all lands—unite.’

The exposition of the positions set down in



savage and striking language in the Manifesto, and maintained with elaborate and detailed arguments in *Capital*, can be condensed into four doctrines. The first is a doctrine of history—the materialistic interpretation of its determining forces. The second is a doctrine of economics—the law of surplus value. The third is a doctrine of method—the class war. The fourth is a doctrine of government, or politics, in the new social order—the dictatorship of the proletariat.

### III

In supporting the materialistic interpretation of history Marx pointed out that hitherto Socialism had been based on certain theories of man and his rights, and of the consequent functions and obligations of society. On these theories the early communists had logically based a Utopian social order. They were great-hearted dreamers moved by an ideal of justice and a passion of sympathy. But Marx began by tracing the historic evolution of the relationships in the social and industrial order. He came to the conclusion that the political order had been based on a material basis, and that the constitution of every State had been framed by those in the possession of power for the purpose of securing and developing their

economic advantage. Not some inspiring ideal, not a spiritual passion, but the conditions imposed by the material basis of life, had determined the laws and fashioned the government of the social and political order. It might appear that men were inspired by a high idealism. Idealism had its place, and mystic conceptions of life and of labour might be held. But they were not the conditioning forces ; they were the conditioned. The dominant and determining forces were the economic and material, without which life could not be maintained. These were wrought out in the political institutions of every succeeding epoch.

Marx illustrated and applied this thesis to the social order of his own time. His argument and his exposition of it may be condensed into the simple statement that the social order depends on tools. History is a record of the power and action of tools. A change or a development or adaptation of tools changes the constitution of society. 'By hammer and hand do all things stand' is one of his concise sayings. But the hammer in the hand was changed, he pointed out, for the ingenious machine which acts at a touch. That brought in a new era of industry whereby the whole order was altered. The invention of the steam engine, of the spinning jenny,

of the hot blast, of the cotton gin, changed the methods of industry, brought about the industrial revolution, and shall finally alter the constitution of society. The manual workers cannot own these complex and costly tools. They belong to the capitalist, and he uses them to yield him wealth. But therein lies his power, and he uses that power to develop and adjust the economic and social order in his own interest. The result is that the workers are oppressed in their industrial condition, and depressed in the social scale, until society is divided into the two contending elements of the bourgeoisie and the proletariat.

To the criticism that these results are not in accordance with reason, Marx replied that they are inevitable. In the language of his early master, Hegel, he declared, 'The real is the rational.' Any constitution of society which did not express and secure the material basis of life, and did not inevitably adapt itself to the dominant forces of the time, would be unreal. The masters of the tools, whoever they might be, would always make the laws which govern the use of the tools, and always extract from the product the profit of their using. The broad conclusion is that the constitution of modern civilised society has been fashioned and will be fashioned by these



material conditions. The proletariat, therefore, must get command of the tools. Then they will construct the economic and political order after their will. As a consequence Capitalism must pass away, and every endeavour to adjust it so as to conserve its existence and mastery would issue in the end in its abolition.

The only question to put and to answer here is this—Is this materialistic reading of history accurate? Marx himself found it difficult of proof. His disciples were compelled to modify it in terms which are a virtual denial. ‘There are,’ Engels confesses, ‘innumerable forces thwarting one another, an endless group of parallelograms of forces, from which one resultant—the historical event—is produced.’ Bernstein makes a more candid admission. ‘He who to-day employs the materialist theory of history is bound to employ it in its most developed; not its most original form, *i.e.* he is bound in addition to the development and influence of the productive forces and the conditions of production, to make full allowance for the ideas of law and morals, the historical and religious traditions of every epoch, the influences of geographical and other circumstances of nature, to which also the nature of man and his spiritual disposition



belong.' That is simply a carefully phrased denial of Marx's doctrine of history.

The disproof of this interpretation is simpler and more conclusive than Marx's followers are willing to allow. It is inaccurate because of the false conception of man on which it rests. Marx regarded man as Hobbes conceived of him in the *Leviathan*, as an animal, or as those frankly-spoken French writers who allude to *la bête humaine*. But man is not merely an animal who uses tools. His physical wants do not determine his history. He can entertain noble thoughts, practise costly self-denial, achieve splendid chivalries. He can pass out to crusades in which he will despise not only materialistic considerations, but life itself. Every martyr is a denial of an economic reading of history. The social organism is only the man written large. Without doubt the materialistic forces play their part. Man cannot live without bread, but he cannot live by bread alone. Every noble company of men who have made history, such as, to quote the simplest instances, the Society of Friends, the Scottish Covenanters, or those heroic lovers of civil and religious liberty who founded New England at the cost not only of material well-being, but of life itself, afford the historic proof that any interpretation of history, which gives economics more than a subordin-

ate place in the framing of a social political order, is false to the facts. It is based on an inaccurate conception of human nature. It is affirming that the clay, and not the potter, determines the shape of the vessel on the wheel.

A broader and still more conclusive proof of this fallacious doctrine can be drawn from a historic time-view. There have been nations, as there are men, whose lives and laws have been determined almost entirely by materialistic motives. The history of their social order and political constitution is the record of a struggle for wealth and its power. What has been their fate? They seemed to be predestined to a splendid and enduring pre-eminence, but they have all passed away. Babylon, Assyria, Persia, Macedonia, are 'dust and ashes, dead and done with.'<sup>1</sup> In one supreme instance, that of Rome, Gibbon, Marx's master in history, has delineated the certain issue and inescapable ruin of any State whose constitution has been determined by materialism. In his *Decline and Fall* he traces the gradual deterioration of the moral fibre of the Roman people. He points out that the old ideals were abandoned and the worldly policies of the emperors were matched by the cries of an idle and profligate populace

<sup>1</sup> Cf. Ruskin's fine exposition which evoked Browning's line in *St. Mark's Rest*.

for 'bread and games.' He pointedly sets out the reasons of the judgment which overtook both rulers and people. 'The counsels of princes are more frequently influenced by views of temporal advantage, than by considerations of abstract and speculative truth' (vol. i. p. 541). By 'abstract and speculative truth,' Gibbon means those high and serious moralities which have held the minds and inspired the counsels of every great State which has wrought out the well-being of men. When these are disregarded for some 'temporal advantage' the death warrant of the nation is written. 'The people which have no vision perish.' When an impassioned devotion to a spiritual order and the impartial moral justice which it dictates are not given the chief place in the ordering of men's lives and the fashioning of their laws, the sentence of judgment, as history unequivocally declares, goes forth. The truth has been set unforgettably in a prophetic counsel couched in solemn words, 'Love not the world, neither the things that are in the world; for all that is in the world, the lust of the flesh, and the lust of the eyes, and the pride of life, is not of the Father, but is of the world; and the world passeth away and the lust thereof, but he that doeth the will of God abideth for ever.'



## IV

Marx's second doctrine is the law, or properly speaking, the theory of surplus value. The present capitalistic order was marked, he maintained, by certain economic and industrial facts. The first was the inevitable antagonism of the interest of capital and labour. The second was, that under Capitalism men stood toward each other under one or other of the economic relationships of buyer and seller. As a consequence they were compelled into an attitude of dependence or independence. This second assertion has no reality in regard to labour. It may seem to be true that the seller is dependent on the buyer. It is as true that the buyer is dependent on the seller. Every human relationship involves a certain mutual dependence. The man who buys an ounce of tobacco across the counter, or a book in a stationer's shop, or seeks the services of another as a lawyer, or a doctor, or an architect, brings about this relationship of buyer and seller. In each case one man sells his power to work, for a definite time, under definite conditions and at a definite wage. But neither is really dependent upon the other, and beyond that fact there is the truth that each has a life which touches wide issues—



issues that are not determined by the mere fact of being either a buyer or a seller. We shall meet this cant and whine, based upon a contemptible pride, again and again. What is set down here and now is that Capitalism does not, as Marx affirmed, bring the seller into any limiting dependence on the buyer.

But his third assertion is the vital one. He maintained that the capitalist not only buys labour as a mere commodity for a certain price—a wage—but that he sells its product so as to yield him a profit to which he has no right. The product of labour, the argument runs, has a three-fold value. There is the use-value—the price it will bring in the market. There is the labour-value—the cost of the maintenance of the labourer in correspondence with his socially developed habits and necessities. There is the wage-value—the actual sum paid to the labourer. The difference between the wage-value and the labour-value Marx named ‘the surplus value.’ This surplus value belongs to the labourer, but has been taken by the capitalist to his own enrichment. It is the pivot of the whole system of Capitalism. It belongs to the labourer because the only source of value, as Marx mistakenly maintained, is the labour which has been wrought into the goods. The raw materials taken to

a factory have little or no value, but when labour is expended upon them and they become finished goods, they acquire a use-value. Since this value was wholly given by labour, but is seized by the capitalist, labour is 'exploited,' made a mere article of merchandise, and robbed both of independence and reward.

Marx endeavoured to lead the type of his argument by affirming certain consequences of this exploitation of the surplus value. He set it forth in a four-fold indictment. To begin with, there was the remorseless competition by which the labourer is over-driven and oppressed. There was again the concentration of industries, with the massing of workers into congested areas, and a consequently increasing dependence on their masters. There was, as a third effect, the accumulation of wealth in ever fewer hands. And the fourth effect was the recurrence of periodic crises, in which labour was threatened with destitution and even starvation. All of these four affirmations have been negatived, and even rendered ridiculous, by the history of industry since Marx died. He was so confident of their truth that he summed up the indictment with his concise declaration, 'With the constantly diminishing of capital magnates, who usurp

and monopolise all the advantages of this process of transformation, there is not only the mass of misery, oppression, servitude, deterioration, exploitation, but also with it there is the revolt of the working class constantly increasing, and taught, united, and organised by the mechanism of the capitalist process of production itself.'

It would not be worth while to discuss this doctrine of surplus value were it not for the fact that it still holds the minds of great masses of unthinking and fierce-passioned men. It has been discarded by most Marxian teachers even in a greatly modified form. His disciples have been busy with explanations which explain it away. Its initial fallacy is that the surplus value of any article can be ascertained, and its second blunder is the assertion that value has been given to the finished goods chiefly, if not solely, by the labour spent upon them. But there are articles of high value to whose production labour has made only a small contribution. There are other articles upon which costly labour has been spent, yet they have no value in the market-place at all. Beyond these simple truths there is the evident fact that no man can determine how much of the surplus value belongs to the individual labourer, and the division of the amount of



value in the product is an impossible problem in arithmetic. Marx attempted to escape these difficulties by positing that the amount of labour was 'the socially necessary labour spent on goods, measured according to time.' Had Marx spent a few hours in any factory or ship-building yard, he would not have set down so hopelessly unmeaning a definition. The foreman of any industrial work if asked to explain what Marx stated to be 'the total, social, surplus value' of the goods produced, would sit down in amazement at such an unreal question and so utterly impossible a calculation.

But the absolute confutation of this fallacy is to be found in an examination of value—an examination Marx and his disciples never attempt. Value is dependent on two things. One of these is the whole cost of production. That includes not only what is called 'manual' labour (although indeed all men, from the employer with his pen to the office boy who delivers the letters, use their hands) but includes also management, inventive genius and directing ability. In one passage Marx seems to include these elements in production, but in his argument and appeal he sees only the man with the hammer in his hand. But value is also dependent, not only on the mere price



of production in terms of labour, but upon capital and all that capital requires for its maintenance, repair, and reproduction. The simplest man can see that the value of goods is vastly more than the labour which has been put into them. Their chief value may often be due to powers and to advantages which have never touched the article with the hand at all.

The second fact which constitutes value is demand. It does not matter how much labour, or management, or skill, or expenditure of capital has been put into the product, if there be no demand for it. A costly machine, eclipsed by a new patent, has no value at all. A ship which cannot get a cargo must be laid up to waste in idleness. It has no value because there is no demand for its service. A diamond cut by the most skilful worker in Amsterdam is not worth the price of a cup of cold water to a man smitten by thirst in the desert. Value is given not only by use, but by scarcity. The goods manufactured from raw material may be piled high within the warehouses, but if taste or fashion change, or an inability to buy them be wanting, their value shrinks to an extent that threatens their holder with bankruptcy. So that both because of the unreality of the term 'surplus

value,' and because of the dependence of value on demand, this theory of surplus value is an absurd fallacy. Had Karl Marx been something more than an onlooker and a journalist, he would have been more able to understand the facts behind value, and would have, as his followers have done, discarded this absurd economic doctrine.

Yet, as is very evident to-day, this doctrine is eagerly maintained by ignorant advocates, and has seized upon the mind of masses of men whose only reading is found in the journals which still maintain the theory. What gives it force is the truth at which Marx was aiming. That truth is the unfair distribution of the product. Labour alone is merely embodied power. Any surplus value above the cost of production is not due to labour alone. But it is true that capital has frequently taken more than its share, and management has enjoyed a larger proportion of the reward, than it was entitled to. We must not forget that if capital and management and direction sometimes take too large a share of the profit, at other times they suffer all the loss. Plainly what is needed is not only a fair, but a more evident justice in the distribution of the product. In the day when the capitalist and director of labour will be as willing to be

just to labour, as labour should be willing to be just to capital, we shall find a more righteous distribution of the product and the profit, and we shall stand on the threshold of industrial peace.

## X

### MARXIAN SOCIALISM—(*continued*)

UPON his philosophic doctrine that the constitution of the social order is determined by material conditions, and his economic theory of surplus value, Marx based his demand, outlined his method of attaining it, and forecasted the goal to be reached, so as to make the social order secure. The demand was for the socialisation of the means of production, distribution and exchange through the possession and the control of the State. That would issue in the abolition of Capitalism and of landlordism, but most notably and desirably in the emancipation of labour. His most impassioned contention had been that Capitalism had exploited labour, and the first fruits of the new social order and its well-being would be the freedom of the labourer from the control of the capitalist.

In Marx's teaching this emancipation had an idealistic and a materialistic aspect. In the ideal aspect its aim was the social independence of the labourer and the securing of the



rights of his personality. He would become the subject in industrial production, and not one of its means. In the other aspect his economic and industrial subordination would be abolished, and the control of production would be placed in his hands. We shall not at this stage discuss the question as to whether this control is a possibility in the modern conditions of industrial life, or whether such control is advisable with a due regard to the just interests of the consumer. Such problems do not seem to have occurred to a mind so arbitrary and confident, and to a spirit so bitter as his. Kautsky, his most thorough-going recent expositor, educated by the experience of nearly half a century after Marx's death, confesses his honest doubt. 'If in this struggle we place the socialist way of production as the aim, it is because, in the technical and economic conditions which prevail to-day, socialist production appears to be the sole means of attaining our object. Should it be proved that we are wrong in so doing, and that somehow the emancipation of the proletariat, and of mankind, could be achieved solely on the basis of private property, or could be most easily realised in the manner indicated by Proudhon, then we would throw Socialism overboard, without in the least giving up our

object, and even in the interests of the object.' (*Dictatorship of the Proletariat*, p. 5.)

But Marx was rigorous in his demand, and that rigour, without alternative, determined his method—the class war, and became expressed in his goal—the dictatorship of the proletariat.

## I

In the class war Marx summoned the forces of labour to an assault on capital. As we have seen, he declared that society was divided into two classes—the bourgeoisie and the proletariat. These two terms do not express social realities. It is not accurate to say that in any order of society there are only two classes. Many other interests and convictions classify men and women. As if dimly conscious of this fact, Marx set himself to create a class consciousness, which would inspire all who are not in the ranks of the employing capitalists. This 'crowd' consciousness is a tremendous dynamic. It may be morally higher or morally lower than that of the great majority of the individuals who make up the crowd. A passionate appeal by some popular demagogue may excite a crowd to an act of violence of which they are afterwards ashamed, or it may move them to go forward to heroic

and chivalrous enterprise. We realise that in the sphere of industry the thousands employed in a riverside shipbuilding yard, or the still greater numbers of a Trades Union, can be roused to take a course of action which few of them would adopt in a calm and self-possessed mood. Marx, of set purpose, set himself to create this antagonistic class consciousness, so that no compromise between capital and labour would be possible, and the only mode of action become a class war.

There are reasons why this call to a class war has been responded to by men and women with different moral ideals and even diverse spiritual impulses, although it must be noted that a class war reacts upon every moral ideal and every spiritual conviction. One reason for the response is that all men are disposed to accept what seems to favour their interests. The manual workers had long felt that their lives were determined by material conditions. They realised that their homes, pleasures, activities, and many of their ways of life were under the dominance of an economic determinism. They did not understand that every life, the life of the capitalist as much as of the labourer, is conditioned by great facts of existence which no system can alter. To enlarge a saying of Emerson, 'Things are in



the saddle, and they ride mankind.' The manual workers were aware that their power over conditions had greatly increased. The nineteenth century had seen, decade after decade, labour working for shorter hours with a larger reward. Yet those in the ranks of labour were told in fierce language that they were suffering exploitation, and they were easily roused to an antagonism to the wage-paying class, when assured that their interests would be favoured and secured.

A second reason for this sympathy with a class war lies in the acceptance of the Marxian doctrine that the manual worker creates all values, and that, therefore, under this doctrine of 'surplus value' the capitalist oppresses and depresses the labourer. It is true that Marx, when he attempts definition, does not limit the term labourer to the meaning of 'manual worker.' 'By labour power, or capacity for labour, is to be understood the aggregate of those mental and physical capabilities existing in a human being, which he exercises when he produces a use-value of any description' (*Capital*, vol. i. p. 145). But in his argument, as with the great majority of collectivists, Marx keeps in view only the manual labourer and his wrongs. The average socialist is unwilling to pay any special price



for brains, because he has not yet realised their contribution in production. We have an illustration of this biased mind, produced by the class consciousness, in the experience of the European War. Numbers of soldiers in the ranks held scornful views of the work of the Staff. They understood their own most honourable sacrifice, but did not realise how necessary is the work of the Staff both for saving life and for carrying on a successful war. In the same way many workers seem to think that the man who wields the hammer, or holds the plough, or uses the broom, is the real labourer, while the work of direction and management is easy and unimportant. This false conception has added an acid tincture to the class consciousness, and given an unjustifiable argument to the popular demagogue.

The third reason is more important than it seems. It is the objection on the part of some who labour to be given 'orders.' The real division in the popular mind, represented by the two rhetorical labels bourgeoisie and proletariat, is between those who 'give orders,' and those who 'obey orders.' One may be tempted to incline to anarchism so far as to wish that 'orders' disappeared from human relationships, but that is to cry for the moon, and a true and sane view of the work and the

worker could dismiss this petty thought. Yet it has been successful both in rousing antagonism, and in giving birth to a number of foolish attempts to escape this economic necessity. One of these suggestions is that the worker should pass from one position in the ranks of industry to another, and, thereby, would give orders on one day and obey orders on the next. That idea was once advanced by Lenin, when he declared that all a man requires to fill any post is an ordinary education, and that management is simply bookkeeping. He no longer cherishes this delusion, if he ever entertained it. He has appointed autocratic and skilful overseers, has chosen diplomatic ambassadors, has gathered round him a permanent band of despots, and has conscripted men for the army and for the harder and dirty work of the community, from which they have no release. This objection to obey orders is one of the false and fallacious arguments of the Marxian socialist. But a lie, as Thackeray has said, when once the breath of life has been breathed into it, is as potent as a truth, until men have suffered for acting on it. If the account of suffering in the past, and of the suffering yet to be endured could be made up, because of this stupid and fallacious assertion, it would amaze mankind.

But these reasons, which are all based upon this charge of exploitation either of labour, or of its reward, or of its subordination, are really beside the mark. The true 'exploitation' is not of labour, but of society. It is the exploitation of the consumer which is the real wrong. The consumer is continually exploited and deprived of his freedom, not only in demand but in use, both by labour and by capital. His necessities are taken advantage of both by those who give orders, and by those who obey them. The capitalist who becomes a profiteer, who makes a corner, who raises prices, and the wage-earning labourer who strikes and refuses to supply the coal, or the transport, or the food, are both guilty of exploitation. The real wrong in the social order is the appropriation by individuals, both the employer and the employee, of socially created values. Now and again it is true that the employee is exploited, and now and again it is true that the employer is exploited, and compelled to a dependence on, and subordination to a Trades Union, or to the caprice of an individual workman. But in both cases the final burden is borne by the consumer, and too often both capital and labour combine in his exploitation. One would think at times that the real reason for any kind of production was



to give work to the labourer, and profit to the capitalist, with the result that the consumer is left entirely out of account, and lives in dependence upon them both, and sometimes in fear of their action.

## II

Class war, therefore, when analysed, is seen to be a contest between employer and employee in regard to the predominance and the profit of each. The question which emerges is the mode by which this war is to be waged. One mode is by evolution; the other by revolution.

In the mode of evolution the features of the present system, so far as possible, are to be adapted towards the abolition of the capitalist class. In many of Marx's writings that seems to be the method that he favours, and some of his arguments assert that Capitalism is digging its own grave. There are passages in which he forecasts the transformation of the departments of Capitalism into those of a collectivist state. At as late a date as 1872, in the Congress of the International, at The Hague, he declared himself willing to consider the mode of evolution, through political change. 'We do not assert that the way to reach this goal is the same everywhere. We know that the



institutions, manners, and customs of the various countries must be considered. We do not deny that there are countries, like England and America, and if I understood your arrangements better, I might even add Holland, where the worker might attain his object by peaceful means, but not in all countries is this the case.' It must be borne in mind that Marx had spent many years in England, before he uttered that mediating statement. Yet when we remember the ringing sentences in the Manifesto—'Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing conditions,' we realise that Marx's convinced mode, and at least his foreseen alternative, was revolution, not evolution.

That is the mode resolutely adopted by Lenin. 'At the present time the bourgeoisie and the opportunists within the Labour movement are co-operating in this work of adulterating Marxism. They omit, obliterate, and distort the revolutionary side of its teaching—its revolutionary soul—and push to the foreground and extol what is, or seems to be, acceptable to the bourgeoisie.' (Lenin, *The State and Revolution*, p. 1.) The truth is that while Marx's teaching may be summed up in the

words, 'Persuade and amend if you can; if not, give a knock-out blow,' most modern Marxians have become assured that evolution is the wiser mode, and the historic illustration of the outcome of revolution in Russia has enlightened and convinced many of the most wilful-minded of Socialists. For it is clear to most men that revolution is a mode of violence which issues in bloodshed, economic paralysis, and industrial beggary. It is as clear to all who know the history of the nobler civilisations that revolution, which is a blow struck by a minority, is a denial of democracy. It may be stated with confidence that, within British dominions and in the United States of America, the people are not willing to make a bonfire of the home and of every ancient institution, in order to clear the ground for a new building whose plans have never yet been drawn.

It must be recognised, however, that there is a certain sympathy with this mode of revolution, and there are reasons for it which should be noted. One of these is the psychological influence of the European War. The method of war used in those five years of awful strife has bred a certain sympathy with violence. Men have become willing to strike a swift and instant blow unhindered by either its wisdom

or its morality. That blow may be an act of assassination, a strike which would starve millions of innocent people, or a repudiation of the national debt which would wither the credit of Great Britain in a single night, and fill the streets with masses of hungry and unemployed. But men do not think of these things. All their thoughts are held in thrall by that method of war which swept the German despotism out of Europe, but they do not consider the curse it entailed.

Another reason is a lost patience with parliamentary institutions and methods. 'Freedom slowly broadening down from precedent to precedent' seems to broaden too slowly for many men's hot desires. They are suspicious of the power of the capitalist in parliamentary government, and even more jealous of the leaven of Capitalism in the hearts of the leaders of Collectivism, and especially among the members of the Labour Party who have taken office under the Government. As a consequence all extremists are eager to use the hot blast of passion, and to hound on a minority to kindle a fierce fire which will burn up the present social order.

But the barriers against revolution, in all enlightened communities, are too strong to be thrown down. In the hour when reason-



able and patient-minded men realise not only the fact that revolution is always, and only, the mode of a minority, and that its issue is never a stable peace, and its method always a ruthless cruelty, it will be abandoned. In the day when men realise that a new social order, if it is to come, must 'grow,' and be registered in laws and ordinances, it will be cast out of men's minds. The first blow in a revolutionary assault has always roused the people to the defence of parliamentary institutions. But beyond that, the witness of history is decisively a condemnation against swift, sudden, and violent revolution. The blaze of the French Revolution of 1798 has not yet faded from the heavens. The chaos which followed the events in France of 1848 taught even Marx a lesson which he never quite forgot. The creation of the Russian Soviet, with its inhuman cruelties and tyrannical enactments, has shed an intense light on the methods of violence. English-speaking peoples continue to believe in parliamentary government on a democratic basis. As Kautsky has said, the final distinction between the two methods of evolution and revolution is that between a democracy and a dictatorship. The class war, with its goal of a dictatorship, is seen to be the broad road to impoverishment, enslavement, and tyranny,



and there can be no peace in industry, even no steadfast industry at all, until the passions which surge behind the class war have been purged out of men's hearts.

### III

When we consider the goal to be attained by the class war, so that the demand made by Marx may be realised, we wonder that such an ultimate was ever stated. The dictatorship of the proletariat is a phrase which carries its condemnation on its face. The world will never submit in quietness to any dictatorship. It is amazing to find men who make a fierce protest against tyranny proposing to give to a class the right of dictatorship. When it is remembered that this claim is made because the class is composed of manual workers the amazement is deepened. Bernstein, the most courageous Marxian, makes a convincing protest. 'Is there any sense, for example, in maintaining the phrase of the dictatorship of the proletariat at a time when, in all possible places, representatives of social democracy have placed themselves in the arena of parliamentary work. The dictatorship of the classes belongs to a lower civilisation. Apart from the question of the expediency and practicability of the thing, it is to be looked upon as a

reversion, as political atavism. The whole practical activity of social democracy is directed towards creating circumstances and traditions which shall render possible and secure a transition, free from convulsive outbursts, of the modern social order into a higher one.' (*Evolutionary Socialism*, p. 146.)

This conclusive political objection is supported by the economic facts. It rests upon the conception that the change from a capitalist to a collectivist order is merely the writing in of the name of the State in the column where the names of individual owners appear. It asserts that the State would carry on the industry of the country, both in its national and international aspects, with more wisdom and more profit, and with most beneficial results to the well-being of the whole community. But all this ignores what a dictatorship really means. Quite apart from the fact that it would take away from the individual the chief incentive both for effort and for economy, it fails to realise that State management and State trading are never economical methods of carrying on any industry. Beyond this it seems to forget that industry is no longer a self-contained national interest, but must face the whole world of supply and demand. Still more forbidding is the truth that a dic-

tatorship has no time to persuade, but must command, and even commandeer both labour and capital. The dictatorship of the proletariat might strip the capitalist bare, but it would harness the labourer to a place in the pack of dogs who draw the sledge of the State, now with the whip of force and again with the lash of hunger. The average, honest-minded, working man has only to realise the economic issues of a dictatorship to reassert his protest against it.

There is a modern proof of all this which is fatal as soon as it is perceived. A dictatorship of the proletariat centres upon and focuses into a bureaucracy. A bureaucracy is the most self-sufficient, the most dominating, and the most wasteful mode of government. A bureaucracy is always impelled by the supreme motive of entrenching itself in power, and of increasing both its wealth and its ease. The average tax-payer of this country realises that the bureaucracies imposed upon it during the war cannot be dislodged, even by strenuous assaults, and they seem intent on keeping their well-paid seats of privilege, in spite of public protest and parliamentary appeal. That is the most glaring truth in the history of the Russian bureaucracy under Lenin and Trotsky. Mr. Ramsay Macdonald, after his visit to



Russia, wrote, 'The Moscow Executive has formed itself into a Council of Cardinals, and arming itself with the powers of excommunication, has proceeded to rule the State.' That is the issue of this specious claim for the dictatorship of the proletariat. As with every other College of Cardinals, the only persons who are given a free and full and privileged life are the Cardinals themselves. As soon as the average man realises that this dictatorship holds such a weapon in its hand its doom will be sealed.

#### IV

As we review Marxian Socialism its true features stand out in clear light. The dictatorship of the proletariat is a political tyranny. The class war is a denial of the dictates of human brotherhood. The theory of surplus value is an economic and stupid ignorance. But the real and basic wrong, the moral and spiritual darkness, is to be found in the doctrine of the materialistic interpretation of history. That reveals Marx's estimate of values, and his deep and fierce antipathy to the supremacy of the moral values of life. It is the doctrine of a spiritual apostasy, holding in its bosom the denial of the realm, and the power, of the spirit of man. There is no



economic industrial doctrine which is so completely anti-Christian as that of Karl Marx. When he wrote 'Law, morality, and religion, are merely so many bourgeois prejudices, behind which as many bourgeois interests are concealed,' he reveals how intensely hostile he was to the Christian moral ideal. Marx was a de-hebraised Hebrew, and as history declares with unfaltering witness, there is no more sordid apostate among men. The reason why the name of Christ who, in times gone by, was claimed as one who was sympathetic with the socialistic ideal, is now never mentioned, is this—that Marx has conquered the hearts of men with his materialistic conception of life. Men who look into a blazing furnace lose all power of discerning the glory of a sunrise. Men whose ears are filled with the clang of tools lose all power to hear the finer harmonies. Men whose appetites are stirred up for gross delights lose all taste for purities. So also Marx's arousing of the passions of material greed has extirpated the nobler affections of the soul. Yet we must not forget that what has given Marxian Socialism its entrance into the minds of labouring men has been the undoubted wrongs they have suffered. Those wrongs, as Marx saw them, have been greatly altered both in their incidence and spirit.

The details he engrosses in *Capital* are no longer accurate, and have no bearing on the case to-day. Yet it must be kept in mind that, until justice and a recognition of the personality of every individual man, and of the obligations both of capital to labour, and of labour to capital, become both the law and the habit of every realm, men will be accessible to these economic and political fallacies, to their own undoing and to that of the State. No 'system' of industry can bring in peace. What is needed is a brotherly co-operation in impartial justice and discriminating mercy, and that can come only through the great Personality, who has taught men both righteousness and peace. That is not a vague aspiration. It is the only method to which history has set its seal.

## XI

### ANARCHISM, SYNDICALISM, AND GUILD SOCIALISM

THE demand of the unfaltering Marxian socialists is State Socialism in its uncompromising form. From this full demand a large number of those who claim the name of socialist have broken away. Some of his immediate disciples have called for a revision of his principles. Engels, his most intimate friend, revised and softened his extreme positions. Bernstein questioned his postulates, and refused to sanction some of his methods. Other advocates of large changes in the present social order have passed on to more definite positions. But all of these unite as being anti-capitalist, and as unwilling to trust entirely to an enfranchised democracy. They differ from Marxian Socialism in their conception of the State. They realise as Schäffle has pointed out, that State Socialism may aspire to social freedom, but it must always deny the freedom of the individual to live out his own individuality, and to develop himself

according to his own ideals. So they affirm that any regimentation of the individual must be exercised, not by the State, but by a man's associates in labour. These currents of thought have broken into three streams—Anarchism, Syndicalism, and Guild Socialism.

# I

Anarchism is a term to which Proudhon gave currency in his *What is Property?* published in 1840. The word derived from *ἀν* contrary to, and *ἀρχή* authority, must not be identified with anarchy, although a statement of its method and a list of its crimes would almost justify such an interpretation. It is a demand for a social order based on freedom, and, therefore, on a protest against authority. Monarchy, oligarchy, hierarchy, and even patriarchy are disowned. A democratic republic is also outside the pale, for it implies government by authority. Anarchism, with its demand for the absolute freedom of the individual, and its refusal to accept the government of the State, stands in face-to-face opposition to Marxian Socialism.

It lays down three postulates. The first is the attainment of a social order, not by obedience to law, but by free agreement between associations of workers, constituted for the



supply of the necessities of a modern civilisation. The second is the assurance that, under this principle of free association, the individual would enter with uncoerced will into a loyal share in all the social activities. He would take an entirely ethical conception of his life, his work, and his fellow men. He would not be damaged or degraded in his personality, or oppressed in his liberty. Neither a capitalist monopoly nor a body of State dragoons would give him orders. In the free exercise of his powers he would develop his faculties, realise his manhood and, in his emancipation, attain to peace. The third postulate is that this voluntary association in labour would develop into an interwoven network of labour groups who would promote the other social interests of life—sanitary, educational, artistic—and this would consummate in a complete association for the fulfilment of international relationships.

To these three postulates some anarchists, if not all, add a method. They advocate violence as a means 'of effecting the changes necessary to introduce this free and harmonious industrial and social order.' This is not an inevitable constituent of Anarchism. It is adopted by some only as 'propaganda by deed.' It may be the assassination of an

emperor, or the expulsion of a State bureaucracy, or the adoption of a general strike, but these deeds of violence would 'advertise' the ideal of the anarchist, and remove the impediments to its realisation.

Anarchism has had an ancient history. It appeared among the Epicureans and the Stoics who made protest against the unfaltering authority of Plato's Republic. It reappeared among the Anabaptists after the Reformation. The passion for liberty so captivates some minds as to blind them to its conditions and its perils. But modern Anarchism is a product of the eighteenth century. It made its voice heard in the French Revolution, and found a sympathetic advocate in England when Godwin expounded it in his *Inquiry concerning Political Justice* in 1793. As might be expected, Proudhon gave it, in 1840, his assent in his protest against Communism. In the United States it has broken out in sporadic fires, but the strength of the democratic convictions of the people have stamped it out. It has received its systematic exposition from Max Stirner in his *Individual and Property*, in 1840. But its most notable advocate was Bakunin (1814-1876), who became Marx's relentless opponent. There is evidence that a personal rivalry and a keen antipathy animated

them both. In the embittered conflict, at the Hague Congress of the International in 1872, Bakunin and his followers were out-voted and expelled by the Marxian party. His anarchist theories found a congenial soil only in his native Russia. Under the pitiless government of the Czar they seemed to be, to the cruelly oppressed people, the only possible protest against a despotism. Anarchism has received intense and vivid exposition in Russian literature, and especially in the works of its well-known novelists, who use a story to denounce a wrong and to advocate a political change. Their most distinguished propagandist was Prince Kropotkin, who died in January 1921, almost eighty years of age, a disappointed and forgotten man.

Anarchism has never been brought to the test of experience. Men are assured that the judgment of history would approve the condemnation passed so universally both by reason and conscience. It accepts a view of the goodness of human nature which neither psychology nor the experience of life allows the ordinary man to hold. Its method of freedom seems to most men the broad way of individual licence and social degradation. Anarchism has never even suggested a method of dealing with the passion-driven or the



criminal, or with the man who will use his freedom to indulge propensities which are selfish and self-indulgent. Few practical minds can be assured that Anarchism has an economic justification. A society dependent upon the inconstant, easily-tempted, and entirely self-directed will of the individual, holds out little prospect of such steadfast co-operation as will provide the necessities of life. A social order under Anarchism seems to most men only a hazier and more visionary Utopia.

The fallacy at its base is its misapprehension of the meaning and the power of freedom. It assumes that a perfect freedom has a regenerating and inspiring force. But freedom has no positive ethical content. It really means opportunity. A man who is free, is free both to do evil and to do good. The individual must be given this freedom, or he can be neither evil nor good. But a social order cannot be based on the condition of the untrammelled freedom of every individual within it. The first requisite of any social order is some agreement on its ethics and economics, to which the individuals must consent to be conformed. Without this agreement Anarchism, as has been historically proved, becomes anarchy. Every man does that which is right in his own eyes. A civilisa-



tion, which is a social order based on impartial justice, security, toleration, and agreement as to what is right, is impossible under an Anarchism which declares that, given freedom, men may do as they will. Paul preached such a perfect liberty to Christian men, but it was a liberty only for those who had accepted Christ, were indeed slaves to Him—‘under law to Christ.’ But Anarchism believes that, given liberty, men will come to agree in what is good and labour unselfishly for it. There is no proof but rather abundant disproof of such a conception. The chief interest of Anarchism to-day lies in its protest against the despotism of Marxian Socialism—not in its affirmations.

## II

Syndicalism is a social order based upon the organisation of the workers of various trades, or groups of related trades, to carry on industry. The term is derived from the French word *Syndicat*, which means an organisation of labourers. Under Syndicalism there would be no capitalists and no masters, but freely associated groups of workers who would carry on and control all industries. These groups would federate voluntarily into larger wholes, and would finally combine to form a national

society. In one aspect it is a return to Marx, for it rejects the interpretation of Marx by the Revisionists, who deny that Marx commended revolutionary methods. It reaffirms the class consciousness of the proletariat, and advocates the use of violence in order to remove the impediments to the creation of an industrial order in which the workers would bear authority, but it refuses to give to the State that supremacy which Marx demanded. The Syndicalists are assured that, under this system, the labourer would enter into freedom, realise his personality, and enjoy a full and free life—a life open to the worker, and to no one else.

This theory is a product of revolutionary France, and finds its supporters chiefly among the people of the Romance countries. One of its inspiring personalities has been Pelloutier, who is in succession to the schools both of Proudhon and Bakunin. Its most courageous expositor is Georges Sorel, whose *Reflections on Violence*, with its illuminating prefatory letter to Daniel Halévy, gives the clues to the denials, affirmations, and demands of Syndicalism.

This theory had its source and spring in a sense of disappointment at the failure of all ameliorative attempts to better the condition of the workers and to give them independence.

It admits that the working classes have had their social and economic conditions vastly improved during the second half of the nineteenth century. It recognises that their wages have increased, their dwellings become larger, roomier, cleaner, and their comforts and pleasures been greatly multiplied. But it declares that their emancipation and self-realisation seem as far off as ever. As a consequence the syndicalists, about the dawn of the present century, came to the conclusion that no market-bargaining and no parliamentary action would attain the end. The worker must be given economic power, and be set in the seat of authority. Sorel discerned that one powerful weapon had been forged, but had not been fully used. That was the method of the strike. There had been strike after strike, and certain advantages had been secured, but the great aim had not been achieved. He gave the counsel to adopt the General Strike, that is to assail the present order by a universal uprising of labour, to seize the means of livelihood, even although that must be done by a minority, and the capitalist class would be compelled to abdicate.<sup>1</sup> The wealth of the capitalist, the form of government he had

<sup>1</sup> Sorel's conception of the power of this weapon of the Strike, as with all unthinking Labour leaders, overlooked the truth that it has no power in a time of declining industry.



fashioned, and the religions which buttress his position would be swept away. Government by *Syndicats*, in the interests of the workers, would come into being. He counsels the necessity of the inspiration of the worker with a deeper passion for his own well-being. He bids the worker beware of the intellectual power and subtlety of the middle classes, and of the adroit methods of parliamentary action. If the syndicalist policy, he maintains, were carried out, the State would be abolished and the workers set in authority so as to reconstruct the social order in the interests of the workers alone.

Syndicalism can hardly bear the results of an exposition. Not only is it *doctrinaire*, as French theories are apt to be, but it loses sight of the greatness of the issues at stake, and of the meaning of 'the day after' a revolution by force. It has no perception of the complexities of the problem of modern industry. The increasing technicality, the need of constant adaptation, the scrapping of old methods and machineries, the ever-enlarging area of world-wide enterprise, and the international relationships involved, are left out of account in this swift and fierce and clean-cut method of reorganisation. It does not realise that no one method can be adapted



to all industries. It does not seem to be in sight of the problems created by the ever continuing growth of the population in the industrial centres. France is the land of the *petite culture*, with its village and county town, and the syndicalist seems to be always and only thinking of Normandy. He does not perceive that there are departments of service in our modern civilisation which cannot be classified into groups, and cannot be squeezed into compartments, so that, even were a minority to seize the capital and the organisations of trade by force, there are many industries which cannot be enrolled in any strait-jacket scheme, and there are multitudes of men and women who will never consent to the action of a press-gang, which allocates their work and their place. Violence is never the first chapter of a stable history. Constitutions and organisations cannot be made with a saw and a hammer.

One other critical remark is more fatal than it may seem. Sorel faced a truth which has been often overlooked, but he did not obey its demand. That truth is that a social order can come into being, and grow into power, only as it is inspired by a new spirit. Sorel realised that only a passion which has become a religion has dynamic enough for his purpose. He

perceived that 'the epic state of mind' was required for the emancipation of the worker. But he conceived that an assault on society, a class war, would regenerate the soul. With Nietzsche he believed not so much in a war for a good cause, as in 'a good war in any cause.' He instanced the fact that at the call of war men rose up in heroic action, that Mahomet breathed a relentless and fearless passion in his followers until they died in heaps, and that in a more prosaic way, inventors toiled and strained in their effort to overcome the obstacles to their designs. But Sorel forgot that in reality a war merely quickens a spirit which has already been born, that Mahomet lured his followers by promises of sensuous delights, and that the inventor is inspired, not by the difficulties, but by the hopes which throb in his heart. No passion can become a lasting religion which is not baptized into unselfishness. When a passion does become a religion, it will not make class distinctions, and, in this twentieth century, it will not be easily led to violence or to sanction a general strike to the starving of women and children. The Christian ethic may not be accepted by syndicalists as they think out their methodical and ruthless methods. But it has so-enlightened the conscience of humanity, that both Syndicalism

and the way to it are impossible within Christendom.

### III

Guild Socialism is the English form of Syndicalism, with some marked distinctions. Anarchism finds its advocates chiefly among men of the Russian type of mind. Syndicalism appeals to those who inherit the ideals and the modes of thought of the Western continental peoples. But Guild Socialism, with its notes of compromise and practicability, is germane to the mind of the Anglo-Saxon. All three have an inward relationship. Anarchism would abolish the State because it resents external authority. Syndicalism would develop the *Syndicats* until, by their voluntary federation, they could fulfil the function of the State. Guild Socialism would confederate all the groups of workers and commit to them the control of industry. But it would retain the State and allot to it all political functions. The citizens of a world-wide empire, who have been bred to the traditions and trained in the methods of parliamentary government, cannot conceive that the justice, security, and toleration which a civilised community requires can be maintained apart from the authority of the State,

The name of Guild Socialism has been taken from the somewhat different ideal of the medieval guilds which were associations of craftsmen and traders carrying on business on their own account. The root ideas in both cases are a special care for the interests of each trade or guild, and a jealous guardianship of the independence and privileges of the members. For that reason it aims at a social and political order in which each industry shall have complete control and management of its own production and distribution. To avoid small guilds, the formation of related industries into large groups is advocated. The confederation of these large groups would form the final authority for the control of labour. The State would not pass away, for it would become the most important of the groups as it fulfilled a specific political function. Its relationship to the guilds would be the ownership of the means of production, without right of unsolicited entry into the management of the industry.

The first problem, it is recognised, is the transformation of the present capitalistic order into this dualism involved in Guild Socialism. The most inviting way is by the development and co-ordination of the existing Trades Unions. They would be enlarged so as to



include the oversight of all labour. The complement of this step would be to transfer the ownership of the wealth of the capitalist to the State. The only justification for the capitalist is that he shall fulfil a function, but in and by such transference his function would be gone. The result would be the abolition of 'the master,' the freeing of the wage-earner from dependence and subordination, so that the worker could express himself and develop his personality. It is to be noted that the justification of Guild Socialism on the part of most of its advocates is this ethical ultimate, and that, it must be remembered, is the real driving force of all the theories and projects which are aiming at industrial equilibrium in the hope of attaining social and political peace.

When we examine this project, for it is nothing more than a project, some obvious difficulties appear. One of these is the assumption that the transference of the capitalistic order would be not only a possibility but a simple and easy possibility. It would be a revolution, and revolution lends itself to rhetoric, but the forces it employs and the forces it arouses come to a conflict which is really war. From some references the writers seem to think that it would be no more

difficult or serious than the changing of the scenery between the acts of a play. Another feature to be remarked is that the advocates of Guild Socialism, like other socialists, keep their eyes on the manufacturing industries and ignore those which require a more individual and personal oversight, and leave out of account still more completely the far-flung interests and delicate relationships of a world-wide commerce and a world-wide finance. As much to be questioned is the conception of human nature which is assumed. It seems to be accepted, that if the workers were 'emancipated' and placed in the seat of control, they would slough off all the faults and evil habits and vices so sadly prevalent. The guildsman would become loyal, eager, resourceful, without personal rivalry or striving for pre-eminence. A moral miracle has never been wrought in that way. Nor would Guild Socialism, in which, as in every other order, some would command and some would obey, be able to promise that such a decisive change in human nature could be so simply achieved.

But apart from these initial impediments which are the real barriers to its acceptance by practical men, there are other and deeper objections. One is a denial of the idea that a man's life and liberty, and the realisation of his

personality, can be stated and fulfilled in the exercise and conditions of his labour. That is really a reversion to the Marxian conception that a man's life is dependent on the management of his tools and the enjoyment of the product of his labour. The centuries have taught that the secret of well-being lies in deeper satisfactions than can be given by a man's daily work, be that what it may. There is no subtler degradation than that of the man who realises and expresses himself, entirely and absorbingly, in the work of a business. His higher instincts are atrophied, and the whole round of nobler interests lie beyond his care.

Another objection is that to commit the care and oversight of any industry or trade to a Guild leads that Guild to be motivated by a selfish regard for the interest of its members without care for the well-being of the community. As a consequence each Guild would be tempted to promote its own specific interests against those of the other Guilds. That has been proved in the now historic fact that the three largest Trades Unions, viz. the miners, the transport workers, and the amalgamated engineers, formed a Triple Alliance and threatened to organise a strike which would impoverish the State and starve the workers



in other industries. It received a more decisive proof in the withdrawal of the transport workers and the amalgamated engineers from the miners when the action of the miners in calling a strike without a goodwill toward negotiation was disapproved. Each Guild for itself would tend to become the potent, if unwritten law. Ruskin makes his protest against this historic fact and its inevitable repetition. Speaking of the decay of the ancient Guilds, he writes, 'I perceive the real ground of their decay to have lain chiefly in the conditions of selfishness and isolation which were more or less involved in their vow of fraternity, and their laws of apprenticeship. I must warn you very earnestly against the notion of co-operation as the policy of a privileged number of persons for their own advantage. You have this land given you for your work that you may do the best you can for all men ; and more in the spirit of a body of monks gathered for missionary service, than of a body of tradesmen gathered for promotion even of the honestest and usefullest trade.' (*Fors Clavigera*, Letter lxxix.)

A still greater objection lies in the peril, indeed the certainty of a more disastrous conflict. If a Guild or a number of Guilds were to take action, which the State carrying out



its political function would refuse to sanction on the ground that it imperilled the wealth of the community, a conflict in the most acute form would arise. By the theory the State is the owner of the wealth and, therefore, of a certain amount of power. The conflicts we have to-day are ultimately between the State and capital, or the State and labour. But these conflicts are amenable to law because neither capital nor labour have been placed in the privileged and almost omnipotent position which Guild Socialism would bestow on labour through the Guilds and on capital through the State. An even subtler source of dispeace lies in the fact that since the Guild and all guildsmen have their interest focused merely on labour, the immediate incentive to save capital would be taken away. Each Guild would be eager to have the use of as much capital as could be secured from the State, with the obvious result that the general wealth of the community would be imperilled. If, under present conditions, capital is not saved but is wickedly preyed upon by officials, how much greater would be the waste and selfish appropriation of the possessions of the State to advance the interests of conflicting Guilds.

One other objection must be noted. Guild Socialism claims to be based upon democratic

principles. But can a democracy take any real part in the administration and management of industry? To appoint men to a Board of Directors, to form a committee who would be in touch with the details of production and distribution, to appoint shop-stewards, have all a measure of excellence, and they have been adopted. But such approaches to oversight do not constitute management and control. Management is leadership, and leadership requires technical knowledge, a rare and supreme ability and a power both of foresight and of decision in every hour of the day. Such authority can be given under a democracy. But as is so clearly set down in the constitution of the United States, when once it is given it must be obeyed. There would be, as in every other constitution, those who give orders and those who obey them. As long as this remains one of the facts of life it must be accepted, and the sooner men abandon that false and snobbish ideal that to serve degrades and enslaves, the sooner will men cease to form and advocate fantastic ideals. It can be said without offence that the majority of the advocates of Guild Socialism are drawn from those members of the community who are not busy either in the industry or the commerce of the country. They belong to the educated and soft-handed

class. They are not intimate, by daily life, with the manual labourer, and are unaware that he is not moved by an abiding passion for a greater share in the control of industry or by high-flying theories of the State and its relationship to industry. The average working man has no use for the term 'wage-slavery.' He desires a more evident justice, a more assuring security in life, a larger share of the product and an ampler leisure, and his practical mind has realised that these desirable things are not to be given by any scheme of life which some man constructs in his study. Any one living in close contact with working folk is aware that the emancipation they wish is not from leadership and oversight, but from that fear and hardship of conditions of work and reward which the present laws may be fashioned to secure. Even were it true that men did believe that true freedom is to be found in a self-assertive control of the conditions of industry, the truth lies rather, as Sorel declared, that freedom is of the spirit, and is found in the great offices of the mind and the soul as the Christian ethic maintains. A man may serve in the humblest of vocations all life through, and yet be a freeman as the most imperious autocrat never has been.

## XII

### THE NATIONALISATION OF INDUSTRY

THE discussion of Nationalisation has suffered from some misconceptions of its essential features. It is sometimes regarded as Socialisation. One of the reasons for this confusion is that many of its advocates are socialists, and they are eager and urgent in their demand because they regard Nationalisation as a strategic move in their assault on Capitalism, and an instalment of their programme, which would pave the way to their goal. But Socialisation means the State ownership of the capital, and its management and control of all the industries in production, distribution, and exchange. Nationalisation surveys a more limited field. It advocates the ownership of the capital by the State only in certain large activities, but it does not always pass on to the demand that these shall be controlled and managed by State officials. There are railways in India, for instance, which belong to the Government, but they are worked by a company which lease them from the State.



Another confusion is made between Nationalisation and Municipalisation, and an argument is drawn from the success of civic to that of national enterprise. Apart from the simple necessities and direct control in the limited area of a city, the problems differ in their complexity. But many others, who are keenly opposed to Socialism, entertain the conviction that Nationalisation can be wisely and profitably adapted to some departments of public service and common supply.

# I

At the outset we shall consider the spheres of industry or activity for which Nationalisation has been proposed or suggested. They are seven in number. These seven include the Post Office, with its related services; the railway system, the mining industry, the ownership and cultivation of the land, and the shipping services, the banking system, and the liquor trade.

Three of these—the liquor trade, the banking system, and the shipping services, may be ruled out as being beyond the present horizon. Were the State to attempt to carry on the liquor trade, it might mitigate some of the present abhorrent evils, but it would fasten the traffic round the neck of the nation with a

twice-riveted chain. Even the attempt to nationalise such a traffic would arouse the consciences of millions of sober-minded men and women and lead them to a perilous revolt. As was shown in Scotland in the past year the division of opinion is intensely keen, and the trend of the national mind is rather towards a limitation, if not a prohibition of the traffic, so that its nationalisation is quite impracticable. The banking system is also out of the picture. In spite of some suggested advantages, the possession of some private capital and the elasticity in its use afforded by the present method of banking, are invaluable. Beyond this administrative gain it must be remembered that finance is more than a national interest. London remains the commercial focus of the world. Nationalisation would confer on a National government not only powers which would limit freedom, but would shut the door, simply because of the possession of these powers, on a world-wide banking business. A banking system under the control and espionage of any National government might write its international investors off its books.

To these two debarred departments we must add the shipping service. The highway of the sea is open. Harbours give a welcome to every flag. Competition is as healthful as it

is inevitable. The oversight of such a service requires personal care, initiative, resource, the swift decision to make ventures and to take risks. The supply of vessels and of equipment and the need of manning them, often by foreigners and in foreign ports, require management which cannot be confined within the red tape binding of a national department. The discussion, therefore, centres upon the postal and the railway services, and ownership and control in mining and agriculture.

As we consider these four departments of industry some distinctions appear. The first condition is that Nationalisation can be applied to service rather than to production. The manufacture of iron or steel, cotton or wool, machinery or tools, and even of the multitudinous household requisites, necessitates such a variety of method, and is called upon to face so many different customs and tastes, that no system of Nationalisation yet conceived could be adapted to the situation. The second condition is that the service given must bear the impress of a common utility and necessity. One reason why education has become nationalised is that it is merely a service, and a service whose necessity and method have in great measure received a common consent. But Nationalisation cannot be applied to the pro-



vision of luxuries, the gratification of individual tastes, or the supply of commodities which would provoke a selfish indulgence, or seem, to great numbers, to waste the national wealth. Nor can it be applied to the fulfilment of religious or artistic or literary demands, for no common agreement can be reached in these imperative but most distinctive activities. A thorough-going Socialism is helpless when it faces such problems of life and endeavour.

The third condition is that Nationalisation is possible only for a supply or a service in which a monopoly can be maintained. If the service is one which private enterprise is allowed to undertake, it will do so, and it will compete with, and present the success of National management. The proof that private enterprise can give such service more cheaply has never been questioned. In the same way Nationalisation cannot be continued unless its monopoly be secured not merely by law, but by the power of the State to finance its cost, and to prevent any other supply of its services. These conditions seem to limit the spheres of Nationalisation to the postal and railway services and to mining and agriculture.



## II

When we consider the Postal and its related services we find them cited as conclusive evidence for the success of Nationalisation. But the evidence for this statement is seldom examined. When looked at closely it is clear that the Postal Service has not really been nationalised. It depends to an amazing degree on private capital and enterprise. The mails are carried on railways, transported in ships, sorted and delivered, in many instances, by means of private agencies, and in vehicles and premises which are privately owned. They are carried along roads which have been made and are kept in order by Town Councils and County authorities. Were the whole system to be actually nationalised, and to dispense with all hired or unhired private service, letter writing would become a rare and costly luxury. Beyond that the Post Office system could not have attained its present efficiency if it had not, along with every other experiment of Nationalisation and Municipalisation, stepped into an inheritance bequeathed by the resourcefulness of the private enterprise of the past. Any one who will read the life of William Dockwra, a London merchant of the seventeenth century, will understand both the debt of the present

system to the past, and the certainty that, even yet, private enterprise would be cheaper and more efficient than a nationalised service.

It is sometimes forgotten that in spite of its legacies and endowments the Postal Service seldom pays its own way. The deficits of the past few years have been due in great measure to the enormous increase in the wages of employees. But the multiplication of officials in administration—men and women treading upon each other's heels, rendering little or no service, and drawing large salaries—must bear no small part of the blame. Sir Henniker Heaton, the acknowledged expert, declared that he could provide a world-wide postal service at a penny an ounce, and deliver a letter anywhere within the realm at a good deal less than a halfpenny, and no one of Heaton's averments failed in actual proof. This increased costliness, so largely due to inefficient management and heedless extravagance, is even more apparent in the telegraph and telephone services. Both of these were more efficient, and both paid their way, under private ownership and control. Now their cost is making them so prohibitive that the plain man cannot use them at all. The more recent proposals imply that a telephonic communication will cost about three pence, if not more, and

be secured only after enduring insolent discourtesies. While it must be admitted that a proportion of these increased charges is due to the all-round cost of supply, yet a large percentage is owing to the wastefulness of public management, and to this darkest feature, that there is a public purse into which officials may freely dip. Thereby, the user of the service pays over again through the taxes imposed by the Chancellor of the Exchequer.

We have room for one other fact which is strangely overlooked. The Postal Services are, as we have seen, not really an example of a pure nationalism. But it is even more destructive of a plea for Nationalisation that they are dependent for their customers and their supply on the present capitalistic order. Those who use them are wage-makers and wage-earners. Large industries conducted by able and energetic men and staffed by thousands of workers, who can spend their large earnings after their pleasure, pay the major part of the cost. Were Nationalisation to be extended, and the workers in every industry to become servants of the State, the basis on which the whole system rests would be destroyed. The revenue, coming so largely from perfect freedom in earning and spending and saving, would almost disappear, and the whole



Post Office system, being non-productive, would be a heavy burden on the community. The Postal Service is the simplest and most manageable of all. It has advantages in being a common necessity and a sure monopoly. But it does not prove itself a convincing witness for Nationalisation.

### III

When we turn to the Railway System there is no need to recapitulate these objections which seemed to refute, or at least discount, the evidence adduced from the management of the Post Office. The economic argument against the transfer of the railways to the State is as irrefutable, but it is confirmed by other features which do not emerge in so simple, so manageable, and so largely toolless a service as the Post Office. Railway transport requires a more costly equipment and a more skilled, technical and watchful management, and, above all, it gives opportunities for the waste both of labour and materials which the Post Office does not afford. These features become an actual source of danger to the State because of the vast army of men and boys who have become a distinct caste in the community, and because their action involves every other national industry. The peril to



the State from a nationalised railway system has never been faced. Yet no one should forget the railway strike in which, under demagogue leadership, the army of railway servants, in many cases most unwillingly, were led out to a costly and losing battle against the public good. It was a 'lightning strike,' with the briefest possible notice. The strikers were beaten, as they deserved to be—the public conscience will always cow and defeat a class interest in the end. But that strike opened men's eyes to the tremendous peril of nationalising the Railway Service, and especially a service which is in a position to seize industry by the throat.

The storm did not last long in Britain, but it lasted long enough to show the consequences to the State of Nationalisation, and to reveal the ugly alternative when a struggle of this kind becomes violent. In Nationalisation the State government becomes a party to the dispute. It is a judge in its own cause, with no appeal to any other mediator. And it is compelled to employ force on its own behalf as a last necessity. Look at a simple proof of this. The railway strike in Victoria, Australia, in 1903, compelled its Government, largely a Labour Government, to pass the Railway Outlaws' Act, providing that railway-

men leaving their work, without fourteen days' notice, were to be subjected to a fine of £100, or a year's imprisonment, besides losing their pensions and retirement allowances, and all rights which they enjoyed by reason of their position as Government servants. They were excluded from Government employ, except by special intervention of the Railway Commissioners. The Act also made it illegal to collect or distribute strike funds, punished intimidation of, or interference with, all men on duty, and empowered the police to break up any meeting of strikers attended by more than four people. The strikers surrendered unconditionally, and most of them, after a time, were gradually taken back at the discretion of the authorities.

Mr. Tom Mann makes the following comment in *The Transport Worker* for March 1913. 'The strikers were beaten to ashes. Then came the brutality of the Government; never in my history have I known such merciless treatment of the men who acted as the strike executive. For seven years they were refused work, although they appealed repeatedly. After seven years the Government relaxed to this extent that whereas they were the highest paid men on the railways, they were now allowed to apply for work under the depart-

ment only as casual labourers. I was cured for ever of any such superficiality as State-owned railways.'

Two conclusive positions are reached. One is that Nationalisation of such a key-service as the railways involves the certainty of strife, and the final issue of that strife is the uprising of the State in its force—and the State here is merely the general mass of the consumers, combining as they feel the pitiless consequences of a selfish strike—to put its employees down with a merciless penalty. The second conclusion is that this fine talk about a new spirit being engendered when men are no longer employed by a master, but are under merely a State authority, is hideously untrue. It is as untrue in industry, as it is in the civil service of Downing Street. What is needed is the new spirit to begin with, for it is not the tree that creates the root, but the root that creates the tree. The only method of efficiency, freedom, and industrial peace is to leave the Railway Services to be managed under private control. The State should not venture upon trading, but should be the watchful guardian of the common good, and the just arbiter between contending claims.

This discussion consummates on the question—Is the Nationalisation of the railways an



economic proposition? Here the figures are conclusive. There is no country, with the possible exception of Prussia, which has not incurred a heavy loss when the railways have been nationalised. This country did not realise the cost and the frequent losses incurred, because every deficit fell upon the shareholders. Millions of the capital invested in railways gave no return, and in few cases the dividends rose above two to three and a half per cent. The shareholder saved the State, the commerce of the country, and the individual members of the community. But wherever the railways have been nationalised, not only has the service been less efficient and less elastic, but the rates have increased, and the almost universal deficits have been borne by the tax-paying community. The increased fares have limited the travelling and, therefore, the health and joy of the people. They have enormously increased the price of the necessities of life. But the most condemning fact has been the increased burden in the taxation of the country. The figures available for the years 1910-11 give incontestable proof. In Italy, Austria, Hungary, Switzerland, France, Serbia, Belgium, and Canada Nationalisation was tried. In every case the loss was severe and the industry of the country suffered. The Prussian railway



system, under the drastic military discipline of the Prussian Government, made a small profit. But its employees were fewer and were compelled to work for long and often exhausting hours. Its service was less varied and less efficient, for the British railway service supplies country villages whose need the Prussian Government would not consider. It was among the less rapid of services, and its officials were seldom considerate or courteous. But most convincing of all, the earnings per mile were only £1449 per annum, as against the British earnings of £2074 per mile. Beyond this, in that year the Prussian Government paid in taxes only £750,000, while the British railways paid £5,396,189. Still more condemning is the fact that the Prussian returns show no adequate provision for the renewal of the plant and rolling stock. The conclusion is unavoidable, and is never questioned by those familiar with the commerce and travel of the country, that both in the interest of industry and of the workers the sooner the bureaucratic control of the Government passes away the better it will be for the railway service.

## IV

The economic waste, ethical demoralisation, and political strife attendant on the Nationalisa-

tion of the public services increase when this method is applied to production. The loss would be incredibly great, and as we have learned, the strife tends to develop into a civil war. When we consider the mining industry, and remember that coal is the chief source of our motor power, we understand this peril. To allow a Guild to make the producer of coal its chief care and concern, whatever happened to the consumer, is a risk not to be dared. But to invest the State with the ownership and control of the mines would make the people dependent on a bureaucratic management whose inefficiency, blundering, and waste have passed into a proverb. The most serious issue is the reckless and selfish demand for wages. This demand swells far beyond that paid to other workers in lesser trades, and farther beyond the power of industry to support. This power to enforce a wilful demand for increased wages is one of the reasons why men cry out for Nationalisation. It is supported not merely by a lightning strike, or by violence in the streets, as at the present time, but by the organised power of the ballot box over fearful and ambitious politicians. The politician is always quick to feel and to dread the hot breath of the demagogue. He becomes adroit in winning votes by what are virtually

bribes. He makes easy promises which must be kept to the public expense. But under Nationalisation he would be almost helpless against a threatened assault and, as we have found in education, he would yield to the demand of a caste to the impoverishment of the public well-being.

What would be the result? Either that the whole commerce of the country would be throttled, or if the reckless demand were resisted and a stern strife entered upon, industry would dwell in silence for many months and abiding poverty and bitter misery would ensue. The weapon of a strike in the hands of the nationalised industry could be met only by a people willing to starve rather than to yield. Already the effect of the past years' yielding is seen. The cost of household and manufacturing coal has checked the progress of industry, and begun to leave the fireside cold. The miners of the United States, less reckless than those of the United Kingdom, are sending coal past our coasts to Denmark, Sweden, and Norway. Many industries at home are on half time. Ship-builders and engineers are cancelling orders. The miners' last demand, made in conjunction with a lessened output, has resulted in a prohibitive price, while the wages have soared to a height which



encourages a profligate spending. But the bargain was successfully completed because Nationalisation in fact, though not in name, had been accomplished under the stress of war. Now it is repudiated and the battle is set.<sup>1</sup>

There is no need to deal at length with the case of the Nationalisation of the land, but there are features in the case of agriculture which are peculiar to itself. Every far-seeing and experienced agriculturist knows these peculiar features and understands his business too well to encourage the experiment of Nationalisation. The employees are aware, although willing to listen to men who promise them a larger share, that Jack-in-office methods cannot be applied to a calling so dependent both on a constant and individual watchfulness and on capricious seasons. All who cultivate the soil recognise insuperable impediments to the Nationalisation of their business. Land is not merely a commodity. It is a tool. It is the chief organ of production. It is recognised and agreed that as far as possible the user of the tool should be the owner of it. What is most urgently needed is not a single owner, the State, and not a large owner, the landlord, but a multitude of

<sup>1</sup> Since this was written the Railway Strike has given convincing proof of every position maintained.



owners. There is no industry in which subdivision and differentiation of ownership is more required. Jesse Collings called for three acres and a cow, and therein he showed sound common sense. The large estates should be broken up. The broad acres of uncultivated land which are kept for pride and show and luxury should be put under the plough. The pasture lands should be reserved, not for deer, but for sheep. There are millions of acres of moor and wilderness, of heather and bracken, of hillside and glen, which can be reserved for game and become the refreshing and renewing haunts of the weary. But above all, the men who till the soil should own it, if its full virtue and value is to be given to man. With millions of small owners there will be given greater stability to the national life. The realm will be filled with a multitude of happy and healthful homes, and the pursuit of the most beneficent occupation known to man would give a yield in men and women who would be a real asset to the wealth of the land. The men who turn their faces to land Nationalisation are upon a broad way at least to destruction. They would make the cultivator of the soil a serf of the State. They would realise Lenin's fiercest dream—a dream too wild even for the enslaved peasants of Russia.

One other incident of the demand requires

notice, but one would hope no more than mention. That is the initial cost of the Nationalisation of the mines and the land. Confiscation has been suggested by some of the more reckless extremists. No moral justification can be pleaded for such violent robbery. Its practical effects make every thoughtful and foreseeing man dismiss it with decisiveness. Politically it would mean national ruin. The Government which would consent to confiscate any portion of its people's possessions, would incur a penalty whose curse would lie long on the land. Its credit would perish in a night. Its currency would become so many scraps of paper in the market. What is the value of the currency of any nation which has even trifled with the repudiation of its debts? Its traders would not be trusted. Its impoverished millions would shake the dust of its earth from their feet, and seek their homes under a government which respected common honesty. Even partial confiscation, such as is proposed under a capital levy, would shatter confidence. The trade of the country would languish and the poor be found in the streets of every city crying for bread. The American proverb that, when fools monkey with the machine plain folk get hurt, would be realised as a bitter truth.

But if the thought of confiscation be

abandoned and compensation be considered, the price, at twenty-five years' purchase, would be prohibitive, even if mining and railway bonds were issued bearing only a three per cent. interest. The only method is the encouragement of those who till the soil to buy from those who own but do not cultivate, by a long and wisely-arranged system of transfer, which would be equitable to the landowner and equitable to those who enter upon private possession. Such a method would tend to encourage both industry and thrift on the part of those who work the mines and cultivate the soil, and it would gradually liberate a capital which could be employed in industries and in providing profitable employment for millions of the people. We can rest assured that in spite of some unworthy suggestions on the part of Mr. Snowden, Mr. Hyndman, and Mr. Ramsay Macdonald, the conscience of the country will not sanction a wrong even if it be in some men's judgment a reprisal for another and a condemned system of ownership and control.

The evils of Nationalisation here indicated are neither theorisings nor prophecies. The recent war has given them so severe a proof as to sober and to silence some once clamant advocates. In a time of war much may be

done, and much must be done, which is indefensible and unendurable in a time of peace. Conscription, both of capital and labour, to some extent, may then become a necessity. But the stupid inefficiency, the political scheming, the scandalous squandermania, the hosts of employees holding soft jobs and treading on each other's heels, the limpet-like clinging to offices with extravagant salaries, the wangling for position and privilege, with the consequent enormous burden of debt and of impoverishing taxation, has opened men's eyes. From the tyranny and waste of a bureaucratic Nationalisation men are turning to the efficiency, elasticity, economy and freedom of private enterprise. What is needed is not a system with its cast-iron oppression, and its easy opportunities for waste and corruption, but a quickened conscience for righteousness both on the part of employer and employed. The way of righteousness is the only path of peace.



## XIII

### THE GATEWAY TO PEACE

THE quest of industrial peace has been in vain. From the earliest visionary Utopia to the latest idealistic and sometimes fantastic theory of social order, the record is dark with disappointment and almost tragic with a costly enlightenment. The experiments which have been actually made have been condemned by the judgment of history. As Carlyle wrote to Spedding, 'Experience of actual fact either teaches fools, or else abolishes them.' The more recent theories set forth by confident advocates have not secured the consent of the conscience or the reason of men. The feverish advocacy of violence by so many of their sponsors is the mark and counsel of despair. Even among nations with a universal franchise, their advocates discern that they cannot convince the minds of those who recognise the wrongs of our social order and make protest against them, and cannot enlist the sympathies of those who are eager to welcome any method which is according to justice and truth. Yet

it can be safely set down that whatsoever of justice and truth lies in the heart of these experiments and ideals, will be fulfilled, sooner or later, in some wiser, honester and more reasonable way, and that fulfilment may be wrought out through sacrifices which some are not yet willing to face.

The foregoing chapters are an attempt to set down the causes of the failure of the past experiments and the rejection of the present theories. Among these causes five stand out as co-operant and pre-eminent. To begin with they have been economically unsound. Economic law is as absolute as any other. Unlike moral law, it keeps time by the clock, because it deals with material things. It is not prophecy but arithmetic which forecasts the hour of a wastrel's poverty. They have also been politically oppressive. Both social and personal freedom have been denied. They have had low or insufficient motives. They have made an appeal to the interests, the greed, or even the sloth, of a class, and have ignored the incentives which meet the whole round of human desire. Still more fatal has been their inaccurate draft of human nature. They have not remembered that man is 'a being of large discourse, looking before and after.' The culminating error has been, either by intention

or by unthinking blunder, their materialism. They have been based on the conception that in things seen and temporal are to be found the true, full, and all-sufficing satisfactions of life.

The position maintained here is that there is only one gateway to peace, and that is not economic, or political, but ethical. The solution of all social problems and the end of all industrial strife are reached by an obedience to the supreme moralities. Righteousness must be the controlling aim, the master of the method, and the test of the motives. As a Hebrew poet has written in immortal words, 'Righteousness and peace have kissed each other; truth shall spring out of the earth, and righteousness shall look down from heaven. Yea, the Lord shall give it, and our land shall yield her increase.'

# I

The supreme teacher of righteousness in our modern civilisation is Jesus Christ. There are many who protest against some of the claims which are made for Him, and these claims are not to be pressed here and now. But there are few voices raised against His moral ideal. By almost universal consent it is agreed that were His teaching and His life rightly under-

stood and unfalteringly followed, there would be, as was promised at His coming, peace on earth to men of goodwill. It is significant that His last bequest was peace. It is no daring claim to make that the gateway of peace is to be found in the understanding of His mind, and the following of His method.

Christ's ethical ideal of the social order has been set in the term—the kingdom of God. In the Sermon on the Mount He explained it to be righteousness; or the doing unto others what men would that others should do to them; or more inwardly, the doing of the will of the Father. One of His disciples, in a fine interpretation, declared this kingdom to be 'righteousness, and peace, and joy in the Holy Ghost.' It was analysed in an appeal to Western minds as a moral condition of being true, honourable, just, pure, expressed in words and deeds of loveliness and of good report. It may be defined broadly as the rule and realm of God in the hearts and lives of men, wrought out and expressed in their agencies, institutions and governments. Christ's imperative counsel follows, 'Seek ye first the kingdom of God, and all other things shall be added unto you.' When this righteousness is sought and found and obeyed, we shall be standing at the gateway of peace, and that



joy, for which men hunger, will be greeting them on the way.

This ethical ideal alters all life. The alteration it makes can be set down in definite notes. The first of these notes touches the values in life. A man's values are the disclosure of his inner mind. They reveal his supreme desire, that gain or achievement which is the prize of life, his *summum bonum*, or chief good. It is in His values that Christ stands out in contrast and in correction to the minds of our time. On one point He was in agreement with many of the nobler thinkers who have been captivated by the prospect of a new social order. Indeed their inspiration is one of His legacies. That is His intense compassion for the disadvantaged, the outcast, the publican and the harlot, the man who is down. Christ set a supreme value on manhood, and had a moving passion for human well-being. But when men laboured for the meat that perisheth, when they sought Him for the sake of the loaves and fishes, when they were eager to make Him a king that they might bring in a social order with an earthly content, He declined at once. For those who believed that a man's life consisted in the abundance of his possessions, who craved ease and idle leisure and sense-gratifying enjoyment, who

contested with others for authority and power and the chief seats of honour, He had nothing but condemnation. He was not overcome by the temptation of 'the kingdoms of this world.' He did not crave a share of the purple and fine linen and sumptuous fare of the rich. His passion was for righteousness. For that He lived and for that He died. 'Let this mind be in you which was also in Christ Jesus, who being in the form of God thought it not a prize to be equal with God, but made himself of no reputation and took upon him the form of a servant, and was made in the likeness of men.'

Because of Christ's values He had only a spiritual evaluation of the meaning and purpose and work of life. He did not concern Himself about a new environment, but about new inward impulses. He did not talk about wages; He talked about hearts. He strove to make men discontented with themselves and their moral condition, but to be content with whatsoever state they were in. To Christ the world was not a stage where a man may play a high part before men's eyes; not a feast at which he may sate himself with the delights of appetite; not a garden in whose paths he may walk and gather fruits for which he has not laboured. The world is a school where a

man may learn righteousness ; a battlefield whereon he must fight the good fight of faith ; a wilderness through which he is a pilgrim to a spiritual destiny. It is not too much to say that did every man, whether richer or poorer, master or servant, hold Christ's estimate of values the gateway of industrial peace would not be hard to find.

This note of values is in accord with, and an interpretation of, the place of wealth. Christ did not condemn wealth, but He placed no high value upon it. 'The Son of man hath not where to lay his head.' He was content to be homeless, and to be dependent on the gifts of others, without a grudging glance or an envious throb. He taught that wealth was a peril, and a peril greater than poverty. 'How hardly shall they that have riches enter into the kingdom of God !' On the rich man who did not see the beggar at his gate ; on that successful worldling who proposed to pull down his barns and build greater ; on that young ruler who turned back from the narrow way because of his possessions, He passed a withering judgment. He had none of the modern bitterness against the rich. But His ruling thought about wealth is that its only value lies in its stewardship. He taught that no

man should count his wealth his own—he was simply a steward who was dealing with the possessions which belonged to Another. A great and high life could be lived without it, and, therefore, He did not set that value upon wealth, and upon what wealth can give and attain and achieve, which is one of the obsessions of our modern mind. It should go without saying that, were wealth regarded as a stewardship, and were its possessions realised to be so perilous on the one hand and so impotent on the other, there would not be such a hunger for it or such a corroding envy of those who own it, and spend it so often to their own undoing.

## II

A second note to be drawn from Christ's ethical ideal is His attitude toward systems and institutions and organisations. Christ did not advocate the adoption of any articulated social order. The Utopian communists, from Plato to the last founder of a brand-new South American settlement, the fiercer Marxian socialist with his lust for revolution, the syndicalists, Guild socialists, and nationalisers all put their faith in new systems. Some organised environment, they seem to believe, will re-order human life, and lead or compel



men into a stable equilibrium, if not to a fellowship and brotherhood. But Christ did not propose schemes of economic, or social, or political order. He made no attempt to express in a constitution, and work out into an organisation, any method of carrying on industry. He did not teach that one social order should be stereotyped, and imposed on east and west, on north and south. He left such a detail, as He left many other details, to be one of the other things, 'added unto you' when the righteousness of the kingdom had been accepted, and obeyed. Let men be willing to do to others as they desire others to do to them. Let them be true and honourable, just and pure. Let them look not only on their own things, but also on the things of others. Then systems, and methods, and social orders would all grow in accordance with the inner spirit and outer methods of righteous men. All systems depend largely on racial characteristics, climatic conditions, geographical distribution and ineradicable tastes. But if men are just and pure they will be co-operative and sympathetic. If they submit themselves to the sovereignty of a righteousness whose highest grace is love, all petty ambitions, all self-interest, all base indulgence, all oppression of man by man will

cease, even though it be at the high price of sacrifices such as only righteousness and love are willing to pay.

For that reason it can be said that Christ had no concern with any system of the possession, or any method of the control, of wealth. Whether men should adopt Capitalism, or Collectivism, or work out some compromise between them, had no interest to Him. His teaching distinctly denies that the wrongs from which men suffer are bred by systems or by methods. The wrong method and the wrong system are bred by the evil men. From His teaching it is quite evident that it was of no interest to Him as to whether a man should reap his own corn, or get some other one to use the sickle and receive a wage for his service. In His day Capitalism was the unquestioned method, and it may be said that He was compelled to use the accepted facts of the time without thereby approving of Capitalism. But against such an inference it must be remembered, that there is no hint of condemnation of Capitalism, and that His counsels assume not only the righteousness of Capitalism, but its value as a means of moral discipline. In such parables as the labourers in the vineyard, the treasure hid in a field, the pearl of great price, the talents, the shepherd

and the sheep, He emphasises the fact that the possession of private property and the use of wealth as capital are just and inevitable conditions of industry, fidelity, and loyalty to high ideals. In the parable of the labourers in the vineyard He draws a pen portrait of a capitalist, and it is most evident that were all capitalists as just, as wise, as solicitous for the well-being of those who serve them, we would be already passing through the gateway of industrial peace.

### III

A third and most distinctive note in the application of Christ's ethical ideal deals with the method of the realisation of a better social order. All the wiser advocates of any system of Collectivism realise that more is needed than a skilfully devised plan. They have all been on the margin, at least, of demanding a new spirit and a new character. But they have differed as to the creation of that spirit and as to its source. All the wiser thinkers understand that it is vain to draw plans for a temple when there are no worshippers to enter its walls, and foolish to imagine a new social order without men changed in heart to become its citizens. But Christ stands on the other side from those who are prosecuting the



socialistic movement. Some of these postulate the inherent goodness of human nature. Others believe that a class war would generate a new spirit. Others maintain that a high ideal would react upon the mind and will of men. Others believe that an environment of liberty, or ease, or self-willed independence would, as by a miracle, change the inner heart of humanity. Jesus set all these shallow sophistries aside. Not only by His stern denunciations, not only by His protests, not only by His demands, but by His express statement He taught the truth which all men know, by the witness of their own actions, to be the truth. 'Out of the heart proceed evil thoughts, murders, adulteries, fornications, thefts, false witness, blasphemies; these are the things which defile a man.' Because they defile the man they corrupt his life. They degrade his ideals. They make a mock of all system and method.

The most convincing proof of this simple and indubitable truth, is to be found in the recantation of Robert Owen in an address at New Harmony, his American commune, delivered in the autumn of 1837. 'I have tried Socialism, tried it patiently and thoroughly, and it has failed; failed utterly and miserably as the basis to run a colony or community upon.



It has failed because it omitted to take into account the differences between the characters and constitutions of men, failed because it omits to supply an incentive for developing the best out of an individual. We have had a healthy climate, a fruitful land, no rent charges, no interest on capital, no rates, no taxes, unlimited resources, our own laws to make, and only adults to provide for, and yet it has failed. I have been grievously educated in the human being. There are some men who will receive everything and yield nothing. All men receive greedily and yield grudgingly.' (*New Harmony Gazette*, vol. iii.) There was the high ideal, the inspiring endeavour, the ideal conditions of life, the most appealing environment. Yet it failed, and Owen was 'grievously educated in the human being.' He found what every other has found, that the way into a better social order is by a change of heart.

Christ said that this change of heart and this newness of spirit must come 'from above.' With such a declaration, if interpreted liberally, all men will agree. Even Sorel is standing before that truth. Only spirit can quicken spirit. Every man who has been moved to a passion for higher things has himself been enkindled by some other, perhaps the mother

who bore him, or some simple man who taught him righteousness. Never has it been by a prospect of gain, or a new social order, or a high ideal. It has always been by some personality, whose spirit touched the heart and will of a man predestined to leadership and action. It would not be just to Christ to leave this brief statement of His first demand without remembering that for Him the statement 'from above' meant the power of the Spirit of God. That determines not only the method by which social betterment can be introduced, but the dynamic by which it can be perfected. Only the man born again can 'see the kingdom of God.' Only the man born of the spirit, and wholly devoted to its righteousness, can enter into it. Only the man who accepts its laws can receive the potent dynamic. Social service, the service of man, the enthusiasm of humanity, name it as you will, has its own value. But that is not the distinctively Christian motive. The most noted Christian servant of man set the supreme Christian motive in a single sentence, 'For we preach, not ourselves, but Christ Jesus as Lord: and ourselves, your servants, *for Jesus' sake.*' When men accept His ideal of righteousness and enter into His mind, estimate life with His values, and keep His open mind

as to systems, with His inexorable demand for a change of heart, they will be, at the least, not far from the gateway of industrial peace.

## IV

In any brief exposition of the mind and method of Christ there are two difficulties in its application to modern life. One is that Christ's teaching, most naturally, was in the Eastern or Oriental fashion, not by thesis and argument as the Western mind appreciates, but by figure and symbol and aphorism. The second difficulty is that, as we have seen, Jesus assumed and accepted the method of Capitalism, and, to a remarkable extent, His counsels imply the possession and use of personal property. It is for that reason, chiefly, that modern Socialism has not only thrown over the Christ of the Gospels, but sometimes blasphemes Him. But in the Epistles these two difficulties disappear. The Church of Christ made its way into the West, and the Epistles, with the Book of the Acts, were written almost entirely by men of Western birth and training. Beyond that fact the members of the Church were drawn largely from the ranks of the poor—from the labouring classes. Therefore we turn to inquire into the



teaching of the Acts and Epistles, and to see how these Western writers, thinking of poor men, sometimes slaves, counselled labour, and, in their counsels, conveyed the mind and method of Christ. As we shall see, they faced the same problems as we face to-day, and their quest was also the quest of industrial peace.

It one were to collate all their teaching upon the relationships of capital, and labour, and the social order, most men would be amazed at its weight and directness. Warnings and admonitions abound. Injunctions to masters and to servants are distinctive. The use and misuse of wealth and the sins of the rich and the poor are all noted. But one sentence gives a most detailed message, and this sentence, though addressed to labour, had its application to all men. It is a golden sentence packed with appeal. 'Let him that stole steal no more ; but rather let him labour, working with his hands the thing which is good, that he may have to distribute to him that needeth.' Examine the five counsels in that appeal.

The first is the counsel to moral integrity. 'Let him that stole steal no more.' Moral integrity, righteousness, as Christ taught, is the basis of any stable society. You cannot



build an A1 empire with C3 men physically, and you cannot build an A1 social and industrial order with C3 men morally. The criminal, the man who is wilfully dishonest, who gives short measure, uses unjust weights, mocks at the moral commandments, cannot be a stone in the walls of an enduring State. No skilfully planned system or shrewd regulations which control hours and wages and reward, not even ideal conditions, are of any avail, if those who are called to live under them, or by them, are thieves. It is difficult to write with patience of the profiteer whose selfish use of his opportunities was a scandalous sin against society and against God. Every penny he extracted shall yet be taken from him. But we must pass an equal condemnation on the shirker and slacker, on the man who did not give a full day's honest work for a full day's wage, who adopted the ca' canny policy under a miserable delusion as to its economic results. We need waste no time with these and similar offenders. They are all thieves, and the writer in this passage is repeating the mind of Christ when he cries, 'Steal no more.' Moral integrity, that is the changed heart and right spirit, is the first necessity.

The second is the counsel to diligence in

labour. 'Rather let him labour.' The dignity of labour was at one time an assured truth. The praises of the village blacksmith and of the hardy fisherman were recited by the children, and Carlyle's tribute to 'the toilworn craftsman, that with earth-made implement, laboriously conquers the earth and makes her man's' was read with a thrill of admiration. But to-day it does not seem to be so honourable to earn one's bread in the sweat of one's face. The envied are 'the idle rich,' the most immoral and most pitiable of creatures, mere cumberers of the ground. The idle poor are not higher in the moral scale. Yet the cry is heard for few hours of work, and many hours of idle leisure. Proposals are made whereby men shall fulfil their calling and discharge their obligation to the community in four days a week, and three hours a day, that they may spend the rest in an ease which is likely to be after the fashion of the animal. There are some confident teachers who would not call on men to labour at all, unless that happened to be their mind, but would give them a dole, and make them the idle paupers of the State. The economic madness of any such method would quickly appear. The law that if a man will not work he shall not eat, and the truth that a man shall not eat what his neighbour

has earned, are simply honesty in action. By the lack of steadfast diligence in labour it is always the poor, the disadvantaged, the weaker who suffer. The moral issues are even more disastrous. 'Satan finds some mischief still for idle hands to do,' enshrines a neglected truth. 'Idleness is chief mistress of vices all.' To fill one's day with labour is to find health of body, strength of mind, cheerfulness of spirit, and to be ennobled by the discipline of the soul. No man need be called upon, or shall be called upon, to a limiting and burdening toil, but the path of noble living demands a steadfast diligence in labour.

The third is the counsel of production. 'Working with his hands the thing that is good.' A man may be busy enough. He may allow his vocation to engross his energies and dominate his mind and heart, so that his higher aptitudes wither and his tenderer affections die. Or, he may busy himself in an occupation which is evil. A good man will not keep his goodness if he works at a bad trade. In Paul's day, as in our own, there are some industries which are base in themselves. The bookmaker, the betting tout, the keepers of houses and of clubs which shelter vice are making gain out of the evil passions of men. Others are busy labouring at work which is



base in its purpose. When men print indecent books, or publish papers which live by reporting the scandals of society, or when they produce goods which are not honest but are faked so as to deceive the unwary, or when they minister to the tastes and habits of an immoral class, they are not working at that which is good. One flagrant instance is to be found in the trade in intoxicating liquors. Its prohibition or restriction may seem to some to be an intrusion on liberty, and a limitation of the good cheer of life. But its sadly evident issues, as every man finds his conscience condemning, prove the liquor traffic to be a thing that is not good. Whatever ministers to the pure necessities of body and mind, of flesh and spirit, whatever makes it easier for the weaker to stand in truth, and the poorer to be brought into a more gracious realm of life, whatever will lift men's hearts above that pitiful materialism, which is the moral drug of our time—these are the things which are good.

The fourth is the counsel of private property. 'That he may have.' Here there is the vindication of personal property without qualification or stint. And here, with equal simplicity, there is set down the possession of property as a motive to labour. This motive has the consent of both the Hebrew



and the Christian scriptures. A Hebrew dared not and could not alienate his inheritance. In the New Testament a mistaken and short-lived attempt to have all things in common broke down. It was never accepted by the community, and it is never supported by the teaching either of Jesus or His disciples. Peter's reproach to Ananias gives the theory an express denial. 'Whiles it remained was it not thine own? And after it was sold was it not in thine own power?' His words are an echo of his Master's who rebuked the envy of the labourers in the vineyard and their complaint against the capitalist, by the question, 'Is it not lawful for me to do what I will with mine own?' Private property, with the right to dispose of it as one will, is a true incentive, for it provides for the use of a man's talents, the exercise of his powers, and the moral discipline of his will. A strong, free, reliant character is not possible apart from the possession of private property.

The fifth counsel is the unselfish use of possessions. 'To distribute to him that needeth.' Here we reach the deepest source of the discontent and strife of our time. No one can condemn too strongly the basely selfish use of the possessions of life. We all mark the extravagant and wasteful eating and

drinking, the regardless life of frivolous and flippant pleasures, the rich and gaudy apparel of the richer classes, sometimes, in the case of their women, as shameless as it is ridiculous. To turn the pages of a society paper, and to mark the entirely self-centred and frivolous life which so many lead, is to realise how sternly this apostolic rebuke falls upon them. We need not wonder that certain types of minds are filled with envy, and that hate begins to poison their hearts, and the cry for equality is heard upon their lips. It must not be forgotten that these same transgressions are evident among wage-earners, and that all classes fail in this distribution to him that needeth. If only men used their possessions unselfishly, not simply by way of charity, but with a nobler interpretation of human need, for the interest and well-being of their fellow men and their country and for the uplift of universal humanity, much of the clamour against the possession of private property would be heard no more.

There is one instance in which the writer is convinced a signal and ennobling gain might be made. Proposals have been mooted to confiscate a large portion of our impoverishing national debt. The softer-sounding method of a capital levy has its advocates. Both of

these are dishonest and dishonourable. If adopted they would shake our national credit so that men would no longer trust the State or trust each other, and industry would wither at its root, and destitution stalk through the land. But this Christian counsel commends a better way. It would be noble and ennobling, it would be wise and the teaching of wisdom, it would be economically sound and politically prudent, were every holder of the War Loan, from the depositor in the Savings Bank to the richest investor to make some surrender of a portion of what he has invested in the National Debt, and thereby reduce it and its exacting burden of interest by a notable amount. That would be an application of the fine saying, 'from each according to his ability—to each according to his need.' That is not a complete or a sufficient maxim for distribution. 'To each according to his desert' is the primary and complementary truth. But there are occasions when there ought to be shining examples of self-sacrifice, and this would be after the example of Christ. The whole world would be thrilled and quickened to faith and hope by such a distribution 'to him that needeth.'

This gateway to peace may seem too strait. There are minds which may mock at this claim for righteousness as the source of peace.



Others may consider it only as a dream. But there is a time to dream, for the vision comes at the hour of the dawn of a better day.

‘Dreamer of dreams ! We take the taunt with gladness,  
Knowing that God, beyond the years we see,  
Has wrought the dream that counts with you for madness  
Into the texture of the world to be.’

This supreme truth is no idle dream, for it has been ‘wrought into the texture of the world’ that has been. Even in those hapless experiments and impossible theories which we have considered, the one appealing note has been the endeavour after righteousness, as that was conceived by their advocates. The renewal of a distraught and disordered society has always been attained through a return to the gateway of justice and truth. Mr. F. B. Lecky, in his *History of Europe in the Eighteenth Century*, has given a vivid description of the condition during its closing years.<sup>1</sup> ‘Millions of fierce and ardent natures were intoxicated by dreams of an impossible equality and of a complete social and political reorganisation. A tone of thought and feeling was introduced into European life which could lead only to anarchy and at length to despotism, and was fatal to that measured and ordered freedom which can alone endure. Its

<sup>1</sup> Vol. iii. pp. 145-46.



chief characteristics were a hatred of all constituted authority, a habit of regarding rebellion as the normal, as well as the noblest form of political self-sacrifice, a disdain for all compromise, a contempt for tradition, a desire to level all ranks and subvert all establishments, a determination to seek progress, not by the slow and cautious amelioration of existing institutions, but by sudden, violent, and revolutionary change. Religion, property, civil authority and domestic life were all assailed, and doctrines incompatible with the very existence of government were embraced with the fervour of a religion.' Bitter experience of the inevitable issues educated the thinking mind of those who, as in the case of Wordsworth, had been carried away by unfounded hopes. 'But it was the revival of evangelical religion which brought men of all ranks and classes back to the gateway of righteousness as taught by Christ and saved the community. The enthusiasm for the religious life extirpated the base passions of greed and hate and the lust for power. There is no other way. 'The work of righteousness shall be peace; and the effect of righteousness quietness and confidence for ever.'

## XIV

### AN INDUSTRIAL COVENANT

PEACE on earth to men of goodwill—and to no other. A man of honest mind may have his own deep reaction against the evils which sadden and corrupt men's lives, and is entitled to make his urgent protest against all wrong. But until he has purged himself of a selfish hostility to his fellow men he cannot pass through the gateway of peace. It is well to believe that such goodwill, in spite of the bias of human nature, is possible to every man. The most callous profit-monger and the most violent demagogue inciting his fellows to violence, may be purged of bitter and degrading passion, and be brought to look upon each other with a compassion, which may pass into a desire. It may be ventured that the course of the present most troubling industrial history will correct, and even extirpate, much of the prevalent selfishness, and bring men to a state of mind in which they shall be intent on doing justly and loving mercy in the social and industrial order.

## I

Every observer of the trend of thought and desire can perceive that this ideal is before all men's minds. What is sought is an industrial covenant. This word covenant has had so tragic and ill-omened a history that it is used with hesitation. Yet the conception holds the solvent of strife. The covenants of the past have failed because they have sought the selfish triumph of a cause or a dogma; or because they have engrossed limiting and chafing details among their articles; or because they have been imposed, as if absolute and final, by force. The covenant which shall attempt to achieve impartial justice, broad freedom, and wise toleration, will commend itself to the conscience of humanity, and translate righteousness into the terms of peace.

The signs of our times reveal a state of the public mind which is favourable to the adoption of such a covenant. There is the constant claim on the part of all who are engaged in industry, and are eager in the strife, that they are impelled by unselfish motives. The capitalist declares that he is moved by his sense of the economic soundness and moral advantage of his method. The labour orator

denies the charge that he is seeking merely material betterment, and maintains that his aim is a nobler life for all. So completely has the ethic of Christ leavened all men's minds that it can be said of every one, whatever side he may take, that he would resent the charge of seeking his own profit or securing his own advantage, or even endeavouring to promote the well-being of some at the unjust cost and unrighteous deprivation of another.

Another hopeful sign is the universal conviction that this industrial strife, with its impoverishing losses, its entail of suffering and its deepened bitterness of revengeful feeling, must pass. Every strike has a by-product of injury, sometimes its only product, both to the strikers and the struck. The wail of its helpless victims can be heard by all who have ears to hear. It is being realised that hitherto the issue of every strike has been at best an armistice, or at worst a truce, between more vengeful and more hostile men. The modern appeal for employers and employees 'to get together' and the persistent advocacy of all manner of compromise, and every possible mode of reconciliation, are further proofs that men are sick to death of the present way of dealing between those who represent capital



and those who represent labour, and are eager for a new basis of agreement.

There is one third symptom which has more promise than any other. That is the consciousness that in this strife the true and ultimate aim of industry has been obscured, if not ignored. The air is filled with the clamour of the fierce debate between capital and labour, and the still keener conflict between Capitalism and Collectivism. One would sometimes think that the chief good—the real aim—is the conserving of the power and profit of the capitalist on the one hand, and the ease, comfort, and independence of the worker on the other. At times, from the discussions, it could be believed that the end to be reached is to prove the economic soundness of the capitalistic method, or that the real reason for industry is to give pleasant work and pay abundant wages, to those who are willing to handle the tools. But the ultimate aim, we are being taught, is the general good of the community, the well-being of the people, the supply of the wants of the consumer. That should include the betterment of all the citizens of the realm, the advancement of the civilisation of our time, and the provision of a free and fair life for all. It should include the creation of opportunities, in which every one

may freely advance in knowledge, in skill, and in independence, but not in any truculent and small-minded demand to be completely independent of his neighbour, or indifferent to his obligations to the community and the State. Did men always keep in mind the ultimate good of the community, they would not overcharge and fleece the people in a time of distress, nor would they demand a wage which requires a State subsidy, and imperils the whole manufacturing industry of the country, nor would they callously insist that the coal mines of the country should be ruined by flooding. These are base actions, and are lapses from the true end and aim of industry—this well-being of the community—and they are breaches of the unquestioned Christian ethic of our time.

## II

Every covenant is based on certain postulates. These postulates, as here set down, have been approved, as the writer thinks, by history, and by the discussions referred to already. Only a brief note of supporting proof is added to each of them here.

The first postulate is that this must be a covenant only for wage-earning industry. It must not touch those spheres of life which lie

outside the production, distribution, and exchange of wealth. It must not presume to enter upon political questions, and use its power to effect changes in the constitution of the country. It must not attempt to bring the art, the science, the literature, all of them so dependent upon individual initiative and personal ability, within its scope. Much more decisively it must not dare to touch the religious life of the members of the commonwealth. These spheres of human interest and moral passion are so complex, so delicate, so much differentiated, so inwrought with the life of the spirit of man, that no covenant set down in articles should ever have attempted, or dare now attempt, to embrace them. The Scottish Covenanters failed because they sought to embrace the whole round of life, to dictate not only to the mind and the conscience, but to the manners and habits of the people. Only in the sphere of industry can this covenant be concluded.

A second postulate is that the method of Capitalism must be accepted, however it may require to be adapted to new ideals and changing circumstances. It may be that Nationalisation can be applied to a few departments of labour. But these must be services required by the whole community,



and must never be income-producing industries. It may also be accepted, with more certainty, that municipalisation will be adopted for some of the lesser requirements of a limited area. But it must be noted that, in so far as these have succeeded, they have been based upon a capitalistic system, and have, therefore, been able to borrow capital and pay dividends to the citizens, who have loaned the results of their thrift and foresight. Broadly speaking, Capitalism must persist. It has proved itself the only practicable method by its efficiency, its economic soundness, its stimulation of initiative, enterprise, inventiveness and resource. It has shown its power to promote and conserve the moral qualities of freedom, responsibility, and frugality. It has given, and it alone can give, the due incentives required by humanity. To entrust industry to the State is to adopt a method of impoverishing wastefulness, to enthrone an incompetent, supercilious, and oppressive bureaucracy, and to throw the burdens of mismanagement and scandalous carelessness upon the shoulders of the ratepayers. The early history of Socialism has made all partial Collectivism ridiculous. The later history of State Collectivism, whether by organised departments, or by a fully developed Soviet has checked all but 'the wild



men' in their advocacy of Collectivism. Moscow has taught them also to speak with less scornful and more guarded arguments. Capitalism fulfils the demand that, to use a popular word, it must 'function' in industry. It does fulfil a function, not in the narrow sense of a man with a tool in his hand, but in the truer and broader sense of giving a service to industry. That service is not simply the watchful and skilful oversight of the master of industry who has risked his capital in the business, but the service of those who have loaned their private possessions for others to use. The man who hires a conveyance, or engages a cycle, or a boat at a riverside resort, is not such a fool as to rail against their owners when they ask a return for the use, and for the wear and tear, of their property. It is only when he thinks of the man who has lent 'in cash' the amount of wealth which is sunk in the motor, or the cycle, or the boat, and demands a dividend, that he grows resentful and abusive. It is not easy to see why so many men, themselves so often living on dividends, rail against Capitalism. The capitalist may require to be restrained, and that is fast being carried out, but Capitalism must persist.

A third postulate is that capital and labour

must adopt a relationship of co-operation. Any review of the past will discern that that has been the one dominant feature of all successful industry. The Co-operative Movement bases its whole endeavour on that single foundation stone. It has been the refusal to co-operate which has ruined every commune, and blocks the way of Marxian Socialism, and of every other which seeks to place a class in the seat of power, or to introduce a dominating guild. It must be remembered that, with Capitalism, competition shall remain. But it is an idle and groundless idea that competition can ever be eliminated as a fact and force in human life. It is indispensable in industry. Some men may desire the existence of a Lotus-eater's paradise, where there is no spur to energy, no quickened emotion, no urgent call upon a man's strength of will and power of faculty. That means the degradation of manhood, the paralysis of the nobler moral impulses, the ceasing of the ascent of man in his upward calling, even the corruption and ruin of our civilisation.<sup>1</sup> But when capital and labour become co-operant, the evils of competition will pass away. It will remain 'a gentle prick to progress' between nation and

<sup>1</sup> A frank and convincing statement of the value of strenuous work is to be found in *The American Era*, by H. H. Powers.

nation, industry and industry, factory and factory, skill and skill, finish and finish. The efforts after high repute, excellence of quality, increase of usefulness, and the achievement of loveliness shall continue. These shall ever be the most worthy objects of competition. Along with these there will be, inevitably, the accompaniment of a further reward for those who prove the more competent among their fellows, who put forth more energy in their work, and exhibit their power to excel. But when labour and capital co-operate, the whole conduct of the methods of industry, with all the debatable questions of hours and wages, of work and reward, including the regulation of competition, must come under a common review, where every interest will be represented, and every failure to do justice be exposed and condemned.

The fourth postulate is that reward must bear a proportion not only to the toil and strain, but to the value, of the function fulfilled. This proportion can never be set down in arithmetical terms. There are rewards that men will always desire which are not material, and cannot be estimated or paid for in current coin. Yet there must be actual payment, with a due proportion to service, so as to be both the recognition and the reward of this



higher value. The man who gains five talents more must be rewarded, as the man who has wasted his talent should not be. Equality is not always justice. 'From each according to his ability' is one part, but only one part, of the law. 'To each according to his desert' is an equally cogent line. It would outrage justice if a man who had ability but would not exercise it, should receive an equality of reward with a man of diligence. Or if a man, having had ability, should waste his power of work by profligate living, and yet should still demand an equal reward with a sober and industrious fellow-worker, equity would be mocked. The third line, so often quoted, 'To every man according to his need,' is a law, not of industry, but of mercy and charity, and there should be room in the conduct of industry for both. But nothing can be more paralysing to enterprise, stifling to ennobling ambitions, and enervating to the high resolves of brave and unselfish men than to see a wilful slacker, or an acute dodger, or an inefficient workman receiving, on the ground of equality, the payment or the promotion due to energy, ability, and skill. For the same reason there would be a damping down of the willingness to take risks, to adopt inventions, to be frugal and economical and self-denying, if there were



no rewards which recognise the value of the function fulfilled by capital. This postulate lays down the rule that proportion of reward shall continue, and that no dead and deadening level is to be thought of. At the same time this proportion must not only be just. Its justice must be made evident in open court and common council.

### III

These four postulates, however they may be expressed, or may require to be defined, must be accepted before there can be industrial peace. The covenant, or treaty, or agreement, or whatever term may be used, must deal only with the sphere of industry, accept the method of Capitalism, adopt co-operation between capital and labour, and realise the truth, imposed by the constitution of human nature, that reward must be fairly proportionate to desert. These are merely canons of justice, and they have the sanction of wisdom. They have received the verdict of the judgment of history, and even Lenin has shown that he has been taught that they mark out the path of prosperity and peace.<sup>1</sup> In English-speaking countries they are really axiomatic and are

<sup>1</sup> Cf. *Pour la Russie*, March 31st, 1921. Lenin's speech to the Tenth Congress of the Communist Party.

universally recognised. What is required is their application in the articles of a covenant of peace.

The vital and determining considerations in industry have been expressed as 'production, distribution and exchange.' But it may be questioned if exchange, in its modern development, lies within the sphere of industry at all. It has no place in the claims of labour, and has never been included in any definite demand. Exchange, in every sense of the term, is too delicate and complex to be brought under rules. It is too world-wide and international, too deeply involved in problems of tariffs and duties, of credit and currency, to be the subject of merely industrial legislation, much less the sphere of any socialistic movement. It is too intimately affected by geographical considerations and racial habits and tastes to be included within the scope of a definite and delimiting covenant. Of the other two spheres of industry production may be the more difficult to regulate, but distribution is the more immediate and urgent question. The distribution of goods is really a part of production, but the distribution of the profits of industry is where the battle always begins, and there the conflict is fiercest. In the articles which we now outline we begin with

the questions involved in distribution. If agreement can be reached in this regard the problems of production may be resolved.

- I. The first article of a covenant of peace should be that there must be a fair and equitable distribution of the profits of industry.

The words 'fair and equitable' may seem to be too vague and colourless to be of any service in the articles of a covenant. But these words must be taken as a keynote, and subsequent articles will make them definite, and interpret their meaning. The absolute necessity for this fairness and equity is the fact that stares every one in the face to-day. Who can say that the distribution of profits has been fair and equitable? The capitalist has taken remorseless advantage of the rise and fall of markets. He has exploited the necessities of a time of war. He has resisted demands for a rise in wages, when that ought to have been given. As a consequence he has not only amassed wealth but has lived a privileged and even luxurious life. This can be seen in the sudden and enormous increase of wealth in almost all industries. In the manufactures of iron and steel, of woollen and cotton goods, in the leather industry, in the supply of the



common necessities of life, and notably in shipping and in engineering, vast profits have been made. Every employee is well aware of the inflated prices charged for the goods he makes or sells. In some trades enormous reductions are being made, and yet some of these reductions do not entail a loss. What other result can this have but a deep resentment on the part of workmen against those who have been able to receive high dividends, put large sums to reserve, and 'water' the capital, at the same time as they were refusing to share their profits with their employees.

The most distinctive proof of the necessity and primacy of this article is to be found in the coal strike of the spring of 1921. Some of the demands then made were sympathetic with, if not inspired by, Russian Sovietism. Others were aimed at the constitution of the State. Others were really urgent upon a larger share both of the profits, and of the ease of life on the part of the capitalist. But the heat and venom of the strife were generated by a sense of unfairness and of inequity. The claim for a wage which could be paid only by an unjust State subsidy, the insistence on a national pool, and even the stupid, wasteful, and violent stoppage of the pumping at the mines, were motivated by a vengeful hostility against mine-



owners, who had not had regard to a fair and equitable profit. It was openly confessed by many strikers that what seemed to be acts of sabotage were designed to waste the enormous gains, made evident by the large dividends, received by the coal-masters. The first article of a covenant of peace must be a fair and equitable division of profits.

II. The second article should be that the first charge on the product of industry shall be the due reward of labour.

That is a necessity, for the labourer must live if he is to work. But his life must be a fairly full and free range of days, with a sense of comfort and of enjoyment both in his labour and in its reward. It cannot be right for one man to live in a self-indulgent ease, and for another equally industrious, to be continually on the verge of want. That reward must be gained by honest toil, and it must not come out of the pocket of any other citizen. It must be a profit which is the yield of the industry. But it must be fair and equitable not only in regard to the profit of capital, but in regard to the laws of economics. It must be such a reward as the industry can bear, and therefore, any claim for any one industry to receive a national subsidy, or any attempt to exact wages or conditions of work which limit or injure

other industries, is not the due reward of labour. It is a selfish exaction, and is neither fair nor equitable. Yet the maintenance and security and comfort of the labourer must be the first charge on the profit of the industry.

III. The third article should be that capital—after all running costs, including repairs, insurance, taxation, and renewal of machinery, with all expenses of management, oversight and advertising have been met—shall receive a fixed and tax-free dividend.

The amount of that dividend is not easy to settle, and while it would be fixed, it would require to be open to revision. The suggestion might be considered that its amount should be double the current bank rate—averaged throughout the year—for that, in view of a further provision to be stated below, would be regarded as fair and equitable. This fixed dividend is no novel conception. It has the sanction already of the large commercial enterprises. The dividend both on Preference Stocks and on Debentures is a fixed dividend, and the capitalist takes his chance of a further dividend, or of none at all, according to the prosperity of the enterprise. The capitalist manager or overseer will be paid for his work and service,

as directors already are remunerated. He will be rewarded for his risk by this dividend. But beyond that those who have invested their capital, without giving personal service, would be entitled to share this common profit, justly earned by the risk and use of their savings and sacrifices.

IV. The fourth article should be that any surplus profit, after labour has been remunerated and capital has been paid the fixed dividend, should be divided between the capitalist and the labourer, in the proportion of twenty-five per cent. to labour, and seventy-five per cent. to capital.<sup>1</sup>

That proportion seems fair and equitable. Labour is made secure of its reward in any and every event. Labour cannot afford to take risks. Profit-sharing, at one time greeted with acclaim, has always broken down because labour cannot, and will not, share the losses. So that when capital takes the risk not only of the failure of a dividend, but it may be of utter loss, it must also receive the larger share of any surplus. It must also be requited for those years in which the dividend may be

<sup>1</sup> The proportion here is a suggestion only. It may not seem just. It may not be just in some industries. It is the only real reward which capital can secure.



'passed' by a more abundant reward in the years of prosperity. The fat years must always pay for the lean.

The advantages of such an article are evident and manifold. No longer will the capitalist be charged with unfair and extortionate exaction. No longer would any demagogue declaim Marx's stupid doctrine of 'surplus value.' Beyond these important results it is clear that capital and labour would have a common interest in the prosperity of the business. There would be no requirement of the policing either of capital or labour, and no need of watchful, suspicious, and accusing foremen. The overseer would be the kindly and acceptable leader on the shop floor. Every man would be under the inducement of a sufficient motive to do his best. The slacker and shirker would be resented by his fellow worker, and the incompetent would no longer be regarded with favour, although neither mercy nor charity would be denied him. Above all, goodwill and fellow feeling would be engendered, and these are large elements both in productivity and in profit. It is not too much to say that this habit and vice of striking, not merely for what seem to be large issues, but for every supposed infringement of a rule or a right, would be extirpated, and



the loss and bitterness which seem to outsiders so needless, would not be suffered.

V. The fifth article should be that every worker shall be at liberty to invest his savings in the industry in which he is employed.

This article is simply an endorsement of a practice already observed. It is the article on whose working the well-deserved success of the Co-operative Societies depends. It has been adopted in many industries and by a large number of the more liberal-minded employers. They allow not only a bonus on the turn-over of each department, which is simply a share in the dividend, but they encourage their employees to invest their savings in the business at a fixed and liberal rate of interest. During the past few years some industrial firms have requested loans from their employees, even for small sums, which are secured on the whole capital and profits of the business, and for these they have paid eight per cent. In reality these employees have become the debenture shareholders of the company. The result has been an added interest in the prosperity of the business, a quickened appreciation of the value of wise management and efficient oversight, and a deepened sense of

security and of self-respect, which, we are assured, are so ardently desired. Beyond these notable gains there has been a marked advance in habits of punctuality and courtesy and of sobriety and frugality, inspiring both manhood and womanhood to a loyal citizenship of a great State.

VI. The sixth article should be that labour must be associated with capital in the carrying on of the industry.

This article reaffirms the third postulate that there should be co-operation between capital and labour. This conception, and the claim behind it, have been wronged by the thoughtless use of a misleading and mischievous term—the term ‘control.’ Control, whether on the part of capital or labour, is a word which must be disused. It is a blow at liberty. Capital must neither control labour, nor be controlled by labour. Industry cannot go on if labour is to dictate to capital. It cannot be efficient, or wisely ordered, or economic, unless there is management with responsibility, untrammelled initiative, and therefore, authority. Under the articles already set down the management would be continually under review by the employees, and their conduct of the business would be

put to the test of experience. But the office must not be controlled by the shop floor, or the warehouse department. The hands must not guide the head, although the hands must be considered, or both will suffer. As a matter of fact control of any kind, in spite of meticulous and nagging rules, has failed.<sup>1</sup>

It may be further ventured that if capital should not exercise control, labour does not really desire it. What labour wants and really strikes for, is a fair and equitable wage, reasonable hours of labour, well-considered and solicitous conditions, in which the personal touch is evident. Beyond these, and as urgently, every working man is eager for security, and for a measure of independence and a recognition of his partnership in production, whereby he may keep his self-respect. He does not desire to be involved in the management and the oversight. He is well aware that the average working man has no competence for the methods of the counting-house, and cannot share in the conduct of the commercial interests of the business. He is equally aware that every large enterprise must have leaders, who are men of power and of

<sup>1</sup> Cf. *The Frontier of Control. A Study in British Workshop Politics*, by Carter L. Goodrich. This careful volume gives witness, perhaps unwittingly, of the absurdity and the constant irritation of the petty attempts at labour 'control.'



oversight, and that there must be those who give orders and those who obey. What he wants, and wants rightly, is an association with the interests of the business, and a regard for his service, which is as indispensable as that of the directors at its head. The privates in a battalion are quite well aware that they cannot do the work of the Staff, and have no desire, however keenly they may criticise, and may often have a just criticism to make, to be called into consultation on either tactics, or strategy, on advance or withdrawal.

This association of industry, which is not control, must be recognised. An element in this recognition is that of co-operation, so far as possible, and publicity in all that any one associated in production ought to know. A master of industry injures himself and hinders the progress of his business if he does not win the confidence and goodwill of his employees, and that can be done only by openness both of mind and hand, and especially by publicity. The directors should have delegates from the workmen, sitting at their meetings, at stated times of the year. The inner circle of the oversight should take counsel with these delegates before any step affecting conditions, or hours, or wages is taken. At least twice a year, as is the case in commercial affairs,



some statement should be issued to the employees engrossing the history of the past six months, and the prospects for the future. If objection be made that other competing firms might be tempted to take advantage of such confidence, two replies are sufficient. As a rule these other firms are quite well aware of any important steps about to be taken by their competitors. And if there would be loss, that would be more than compensated by the loyalty and goodwill of their workmen. Once a year a full statement of the working of the firm should be issued. This would be inevitable, if the foregoing articles were accepted and adopted, and its result would be not merely an increased output, a larger profit, but a harmony between labour and capital which would make the carrying on of an industry a supreme satisfaction in life. To-day it is a constant anxiety, sometimes a sleepless, because profitless, care.

- VII. The seventh article should be that the articles of this covenant of peace, and their interpretation and enforcement, shall be committed to a Board of Industry, consisting of thirty members—ten representing labour, appointed by the Trades Union;

ten representing capital, appointed by a confederation of employers; and ten representing the consumer or general public, appointed by the Government.

This should not be a Department of the State. It should have no power to grant, or to promise money, or even to suggest a subsidy. Taxation, and the imposition of any financial burden, must have their initiative and entire control within the House of Commons. But this Board of Industry would exercise a constant oversight in the sphere of industry. All questions which were likely to occasion dispute, every claim for increase of wages, and every proposal to reduce wages, would first be laid before the members of the Board in common council. All that pertained to the conditions and hours of labour, with all that seemed to affect the rights and liberties both of employer and employee, would be brought before this court. So that any action taken either on behalf of labour, or on behalf of capital, without having first been submitted to the investigation of this court and to the arbitrament of its members, would be a defiance of the law. The obligation of publicity, the right of taking evidence, the

liberty to make inquiry and examine witnesses, and to order a secret ballot, would be among its lawful privileges.

## IV

It is not too daring to venture the assertion that were the four postulates accepted, and the first six of these articles recognised as a method of translating justice into terms of peace, the seventh article could be set in operation. The powers it confers are advisory, consultative, interpretative and judicial. These are the peculiar and potent offices needed at the threatening of strife. This Board of Industry would be a clearing-house for all claims, a court of appeal in all dispute, and a special jury when charge and counter-charge were made.

By common admission this is what men are feeling after to-day. The most admirable Whitley Councils prefigure it, though they seem to be too limited in scope and in power. Every joint meeting of employers and employees, and every Commission appointed by the Government, with even the suggestion, so rarely adopted, of delegates from labour to the Conferences of capital, all seem to be aiming at this more definite and more permanent consultative court. Such a Board of



Industry avoids the appointment, so often futile, of a special Commission, with members already ranged on two sides and facing each other in bitter debate, if not in personal animosity. The Sankey Commission did almost irreparable harm. Not only was there the unprecedented wrong of allowing members of what was virtually a jury to enter the witness box, but there was the embittering outbreaks of personal taunt and unrestrained accusation, which only deepened the strife between the contestants. The permanence of the membership of the Board of Industry, and the third mediating constituent, would give a measure of impartiality.

There may be an objection drawn from the cost of such a permanent Council. But if it could, to any appreciable extent, fulfil its function, the cost would be actually and comparatively a most moderate sum. It would not be more costly than the succession of impotent and partisan Commissions which have been appointed, and if it succeeded in averting strikes, or even in mitigating their severity by reaching a decision which could be accepted, there would be prevented not only the immediate loss, because of the cessation of production, but the incalculable loss of trade to the whole community, together



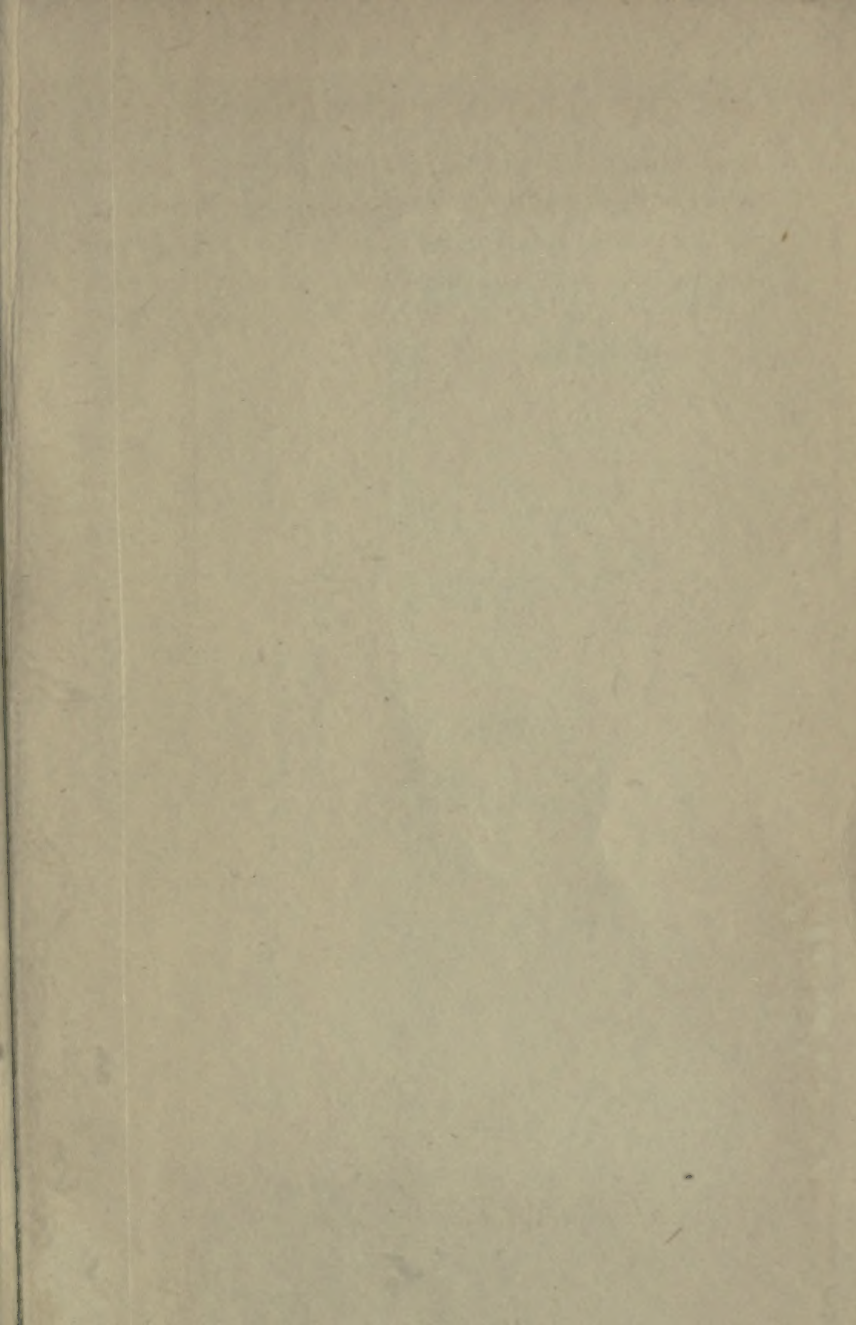
with the allaying of suspicion and hate and revenge. These also have their economic value.

A broad review of the other advantages of such a covenant and such a Board of Industry make them both to be objects of keen desire. Their action would secure that a wasteful and vengeful strike would not be hastily undertaken. It would lift all industrial questions out of the instant arena of politics, and prevent their being used as an instrument for domination, either by majorities or minorities. It would prevent the unjust profits and the insolent pride of the capitalist turned profiteer, and it would check the blinding of the mind and the arousing of the passions of working folk by ignorant and ambitious demagogues. It would increase the wealth of the people even more than has been done by the institution of Savings Banks and Co-operative Societies, and give them both a larger area of interest. Beyond these advantages the existence of a Board of Industry, constituted with a membership enjoying first-hand knowledge and fresh evidence, and above all composed of men whose first interest is peace and goodwill, would prevent any too swift and too rigid decision, and their power to interpret and to amend the articles of the Covenant would keep

them in correspondence with the necessities of the case.

One of the finest minds of our generation has declared that righteousness, peace and joy are the three most desirable things in the world. The order must be observed. There must first be righteousness, and then peace. After these, and not until these have been attained, can men enter upon joy. Every observer of the times is aware that what throbs within the hearts of all men on both sides of the strife, who are not self-seekers or place-hunters, is a desire for these three things, and especially for the third—the joy of life. The appeals which uplift all men are those that touch a fuller and freer, more secure, and more joyous round of days. The noble passion for the social well-being of all has never ceased to move every honest-minded man since Ruskin proclaimed it in his prophetic message. The counsel is clear that the first obligation is to be just, and the second is to seek the things that make for peace. Then, and not until then, can any method or project or system, or any increase of wealth or of ease, minister to joy. But when righteousness and peace are met together the new heaven over men's heads and the new earth under their feet will be found at the dawning of the new day. But it must not be

forgotten that the only abounding joy is not in the flesh, and in the sating of its desires, but in the spirit. Have the men who are crying in every market-place, and in the ears of the people for merely earthly satisfactions, understood this truth ?





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